

RESOLUTION NO. [254] 90 (25490)

A SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF TWO HUNDRED NINETEEN MILLION EIGHT HUNDRED THIRTY THOUSAND DOLLARS (\$219,830,000) PRINCIPAL AMOUNT OF THE ELECTRIC SYSTEM REVENUE BONDS, SERIES 2008A

WHEREAS, the Electric Power Board of Chattanooga (the "EPB") operates and maintains an electric system (the "Electric System") of the City of Chattanooga, Tennessee (the "City"), and the Electric System is undertaking to finance various improvements and extensions to the Electric System including a fiber optic broadband network (collectively, the "2008A Project");

WHEREAS, the EPB has requested that the City issue Bonds on behalf of the EPB to finance various improvements and extensions to the Electric System, including the 2008A Project;

WHEREAS, pursuant to the provisions of Sections 9-21-101 et. seq., of the Tennessee Code Annotated (the "Act"), the City duly adopted Resolution No. 22629 on September 5, 2000 and as amended by Resolution 22639 adopted September 12, 2000, authorizing the issuance of bonds and/or other forms of indebtedness to finance improvements and extensions to the Electric System for the benefit of the EPB, and the City also duly adopted Resolution No. 25435 on February 19, 2008 (the "Authorizing Resolution", and together with Resolution No. 22629 as so supplemented and amended to the date hereof, the "Resolution") authorizing the issuance and sale of an amount not to exceed \$250,000,000 (the "Series 2008A Bonds") to provide funds for, among other things, (i) the costs of the 2008A Project and capitalized interest for a period as set forth in a certificate of determination ("2008A Certificate of Determination"), which is attached hereto as Exhibit A, (ii) deposits to a reserve fund, if any, as may be necessary in connection with the issuance of the Series 2008A Bonds, and (iii) the costs of issuance of the Series 2008A Bonds including costs of a credit facility, if any, and contingency amounts;

WHEREAS, the provision of the Resolution required the adoption of a supplemental resolution (the "Supplemental Resolution") by the City to approve the terms and conditions of the issuance of the Series 2008A Bonds;

WHEREAS, the EPB has requested that the City adopt such Supplemental Resolution in order for the Series 2008A Bonds to be authenticated and delivered;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

Section 1. That the City hereby approves, ratifies and confirms the sale of the Series 2008A Bonds to Goldman, Sachs & Co., Inc. as representative of the underwriters (the "Purchaser") at an aggregate purchase price of \$227,815,243.26 pursuant to the provisions of a bond purchase agreement, dated April 22, 2008 (the "Bond Purchase Agreement"), which is attached hereto as Exhibit B. The sale of the Series 2008A Bonds shall be subject to the terms and provisions set forth in said Bond Purchase Agreement, and the Mayor and City Finance Officer are hereby authorized and directed on behalf of the City to execute the Bond Purchase Agreement and to carry out or cause to be carried out all the obligations of the City under said Bond Purchase Agreement, and to take all actions contemplated to be taken by the City pursuant to the terms of said Bond Purchase Agreement.

Section 2. That there be issued and sold Series 2008A Bonds in the principal amount of \$219,830,000, bearing interest and maturing as described below, and as more further described on the 2008A Certificate of Determination, as follows:

<u>Date</u>	<u>Amount \$</u>	<u>Interest Rate</u>	<u>Yield</u>
9/1/2013	3,000,000	3.000%	3.050%
9/1/2014	4,000,000	4.000%	3.190%
9/1/2015	5,000,000	5.000%	3.350%
9/1/2016	6,275,000	3.500%	3.540%
9/1/2017	6,575,000	4.500%	3.690%
9/1/2018	6,955,000	5.000%	3.810%
9/1/2019	7,385,000	5.000%	3.990%
9/1/2020	7,835,000	5.000%	4.110%
9/1/2021	8,310,000	5.000%	4.180%
9/1/2022	8,805,000	5.000%	4.270%
9/1/2023	9,335,000	5.000%	4.350%
9/1/2024	9,885,000	5.000%	4.410%
9/1/2025	10,460,000	5.000%	4.460%
9/1/2026	12,605,000	5.000%	4.500%
9/1/2027	13,235,000	5.000%	4.540%
9/1/2028	13,890,000	5.000%	4.570%
9/1/2029	14,575,000	5.000%	4.610%
9/1/2030*	15,295,000	5.000%	4.700%
9/1/2031*	16,055,000	5.000%	4.700%
9/1/2032*	19,685,000	5.000%	4.700%
9/1/2033*	20,670,000	5.000%	4.700%

Section 3. That the terms and details of the Series 2008A Bonds as set forth in the attached 2008A Certificate of Determination are hereby approved and made a part of the Resolutions.

Section 4. That the Mayor and City Finance Officer of the City of Chattanooga be and hereby are authorized and directed to execute the Series 2008A Bonds, and to deliver the Series 2008A Bonds to Purchaser and to receive payment therefor without further authority from the City.

Section 5. That the Official Statement dated April 22, 2008, and the information contained therein to be used in connection with the offering and sale of the Series 2008A Bonds,

is hereby approved, and further that the City hereby ratifies, confirms and approves the use of the Preliminary Official Statement of the City, dated April 16, 2008, in connection with the offering and sale of the Series 2008A Bonds. The Official Statement may be modified in a manner not inconsistent with the substance thereof as shall be deemed advisable by the City or Financial Advisor to the City and by bond counsel to the City.

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Section 6. That the Mayor and City Finance Officer be and hereby are authorized to appoint a registrar and paying agent for the Series 2008A Bonds.

Section 7. That this Resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED: April 22, 2008

EXHIBIT A

**CERTIFICATE OF DETERMINATION
RELATING TO \$219,830,000
CITY OF CHATTANOOGA, TENNESSEE
ELECTRIC SYSTEM REVENUE BONDS SERIES 2008**

I, the undersigned, an authorized officer of the City of Chattanooga (the "City"), DO HEREBY CERTIFY as follows:

- 1) Pursuant to the power granted under the City's Resolution No. 22629 adopted by the City on September 5, 2000, as amended and supplemented (the "Master Resolution") and the Fourth Supplemental and Amendatory Resolution to Resolution No. 22629 providing for the issuance of City of Chattanooga, Tennessee Electric System Revenue Bonds Series 2008A authorizing the issuance of up to \$250,000,000 Series 2008A Bonds (the "Series 2008A Bonds") adopted February 19, 2008 (the "Series 2008A Resolution"), the City adopted a supplemental resolution (the "Supplemental Resolution" and, together with the Master Resolution and the Series 2008A Resolution, the "Resolutions") to approve the terms and conditions of the issuance of the Series 2008A Bonds in order for the Series 2008A Bonds to be authenticated and delivered.
- 2) The total purchase price for the Series 2008A Bonds is the aggregate principal amount of \$219,830,000 at an aggregate purchase price of \$227,815,243.26 (the "Purchase Price"), representing the aggregate principal amount of the Series 2008A Bonds, less underwriters' discount of \$961,129.74, plus net reoffering premium of \$8,946,373.
- 3) The true interest cost on the Series 2008A Bonds is 4.670% per annum.
- 4) The Series 2008A Bonds shall be in the aggregate principal amount of \$219,830,000, shall mature on September 1, 2033, in the years and in the amounts and shall bear interest at the rates shown below:

	<u>Date</u>	<u>Amount \$</u>	<u>Interest Rate</u>	
	9/1/2013	3,000,000	3.000%	
	9/1/2014	4,000,000	4.000%	
	9/1/2015	5,000,000	5.000%	
	9/1/2016	6,275,000	3.500%	
	9/1/2017	6,575,000	4.500%	
*Sinking fund payments	9/1/2018	6,955,000	5.000%	redemption
	9/1/2019	7,385,000	5.000%	
5) The Series Bonds shall be 29, 2008 and in accordance applicable of the Resolutions. 2008A Bonds interest payable September 1, thereafter on day of March September of Interest on the 2008A Bonds computed on a 360-day year of 12 months of each.	9/1/2020	7,835,000	5.000%	2008A dated April otherwise with provisions
	9/1/2021	8,310,000	5.000%	
	9/1/2022	8,805,000	5.000%	
	9/1/2023	9,335,000	5.000%	
	9/1/2024	9,885,000	5.000%	The Series will bear on 2008 and the first and each year. Series shall be the basis of consisting 30 days
	9/1/2025	10,460,000	5.000%	
	9/1/2026	12,605,000	5.000%	
	9/1/2027	13,235,000	5.000%	
	9/1/2028	13,890,000	5.000%	
	9/1/2029	14,575,000	5.000%	
	9/1/2030*	15,295,000	5.000%	
	9/1/2031*	16,055,000	5.000%	
	9/1/2032*	19,685,000	5.000%	
	9/1/2033*	20,670,000	5.000%	
6) The Series Bonds maturing on or after March 1, 2018 are subject to optional redemption prior to maturity as a whole at any time or in any part on or after March 1, 2018, in any order, at par, plus accrued interest, if any, to the date of redemption, as set forth below:				2008A

<u>Maturity</u>	<u>Amount \$</u>	<u>Call Date</u>	<u>Call Price \$</u>
9/1/2018	6,955,000	3/1/2018	100.000
9/1/2019	7,385,000	3/1/2018	100.000
9/1/2020	7,835,000	3/1/2018	100.000
9/1/2021	8,310,000	3/1/2018	100.000
9/1/2022	8,805,000	3/1/2018	100.000
9/1/2023	9,335,000	3/1/2018	100.000
9/1/2024	9,885,000	3/1/2018	100.000

9/1/2025	10,460,000	3/1/2018	100.000
9/1/2026	12,605,000	3/1/2018	100.000
9/1/2027	13,235,000	3/1/2018	100.000
9/1/2028	13,890,000	3/1/2018	100.000
9/1/2029	14,575,000	3/1/2018	100.000

- 7) The Series 2008A Bonds maturing on September 1, 2033 shall be subject to redemption prior to maturity, in part, through application of Sinking Fund Installments, as herein provided, upon notice, all as prescribed in Article V of the Master Resolution, at the Redemption Price of one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date of redemption. Unless none of the Series 2008A Bonds shall then be Outstanding, there shall be due and the City shall be required to pay for the retirement of the Series 2008A Bonds maturing on September 1, 2033 on September 1 of each of the years set forth in the following table, the amounts set forth opposite each such September 1, and said amounts to be paid on each such date is hereby established as and shall constitute a "Sinking Fund Installment" for retirement of such Series 2008A Bonds:

Term Bonds Maturing September 1, 2033

<u>Year</u>	<u>Principal Amount</u>
9/1/2030	15,295,000
9/1/2031	16,055,000
9/1/2032	19,685,000
9/1/2033*	20,670,000

* Final Maturity

- 8) Notice of the redemption of the Series 2008A Bonds shall be mailed not less than twenty-five days prior to the redemption date to the registered holders of any portion of the Series 2008A Bonds to be redeemed. However, failure to give any such notice by mail or any defect in such notice shall not affect the validity of the proceedings for the redemption of any other Series 2008A Bonds.
- 9) The Series 2008A Bonds shall be in fully registered form, shall be in denominations of \$5,000 each or any integral multiple thereof.
- 10) The City shall deliver the Series 2008A Bonds in definitive form to the Purchasers in New York, New York, and shall release such Series 2008A Bonds on or about April 29, 2008.
- 11) The terms of the Official Statement, dated April 22, 2008 relating to the Series 2008A Bonds and the distribution thereof, are hereby approved.
- 12) Proceeds of the Series 2008A Bonds are to be deposited as follows:
- a) \$24,382,269.52 of the proceeds, representing accrued interest on the Series 2008A Bonds from the date thereof to the date of issuance, will be deposited in the Electric Fund and applied to pay interest on the Series 2008A Bonds September 1, 2008; and
 - b) the balance of such proceeds, \$203,432,973.74, is to be deposited in the Capital Fund, if any.

- 13) This certificate is a 2008A Certificate of Determination within the meaning of the Series 2008A Resolution and is executed by me pursuant to and in accordance with the delegation of the City authorized by and contained in Section 1.03(b) of the Series 2008A Resolution.
- 14) The principal, interest, premium, if any, and Redemption Price of the Series 2008A Bonds shall be payable at Cede & Co., as nominee of The Depository Trust Company.
- 15) All capitalized terms used herein and not defined herein shall have the meanings, respectively, given to them in the Resolutions.

IN WITNESS THEREOF, I have hereunto set my hand as of this 22nd day of April, 2008.

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

Commissioner