

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 19, 2021

NEW ISSUE – BOOK-ENTRY ONLY

**RATINGS: Moody's: Aaa
Fitch: AAA
S&P: AAA
(See "Ratings" herein)**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Tennessee statutes, interest on the Bonds is exempt from all state, county and municipal taxation in the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent that interest on the Bonds is included within the measure of certain excise taxes and franchise taxes imposed under Tennessee law. For a more complete description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

**HAMILTON COUNTY, TENNESSEE
\$75,750,000* GENERAL OBLIGATION BONDS, SERIES 2021**

Dated: As of date of delivery

Due: December 1

The Bonds Interest on the Bonds is payable on June 1, 2022, and each June 1 and December 1 thereafter.

Denominations are \$5,000 or any integral multiple thereof.

Redemption The Bonds are subject to optional redemption and mandatory sinking fund redemption as described more fully herein.

See "The Bonds" on Page I-1 and "Optional Redemption" on page I-2.

Book-Entry Only System The Depository Trust Company. See Appendix D.

Security The Bonds are general obligations of the County, and as such, the full faith, credit and taxing power of the County are irrevocably pledged for the payment of the principal of and interest on the Bonds as they mature. The Bonds are payable from ad valorem taxes to be levied on all taxable property within the County, without limitations as to rate or amount. See "Authorization and Security" on page I-2.

Tax Exemption Interest on the Bonds is excludable from gross income for federal income tax purposes to the extent and subject to the conditions, limitations and continuing compliance with tax covenants as described herein. The Bonds and the interest thereon are exempt from Tennessee taxes, subject to certain exceptions. See "Tax Status" on page I-8.

Bond Counsel Kutak Rock LLP

Settlement Date December __, 2021

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

* Throughout this Preliminary Official Statement, an asterisk indicates that the information is preliminary and subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

No dealer, broker, salesman or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy by any person in any jurisdiction in which it is unlawful for such person to make such offer or solicitation in such jurisdiction.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that there has been no change in the affairs of the County or the other matters described herein since the date hereof. The information set forth herein has been provided by the County and by other sources believed to be reliable, but it is not guaranteed as to its accuracy or completeness.

In connection with this offering, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The County and its Financial Advisor prepared this Official Statement. The material contained in this Official Statement has been obtained from sources believed to be current and reliable, but its accuracy is not guaranteed. All summaries of statutes, resolutions or reports contained herein are made subject to all the provisions of those documents and the summaries do not purport to be complete statements of those documents. This Official Statement is not to be construed as a contract with the purchasers of any of the Bonds.

The Preliminary Official Statement has been deemed final by the County for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for the permitted omissions described in paragraph (b)(1) of Rule 15c2-12.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$75,750,000* GENERAL OBLIGATION BONDS, SERIES 2021

<u>Due December 1</u>	<u>Principal Amount</u> *	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> **
2022	\$1,000,000			
2023	3,865,000			
2024	4,065,000			
2025	4,275,000			
2026	4,490,000			
2027	4,720,000			
2028	4,965,000			
2029	5,220,000			
2030	5,485,000			
2031	5,770,000			
2032	6,000,000			
2033	6,185,000			
2034	6,375,000			
2035	6,570,000			
2036	6,765,000			

* Preliminary, subject to change.

** CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The County is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

HAMILTON COUNTY, TENNESSEE

CERTAIN ELECTED OFFICIALS

Honorable Jim M. Coppinger	County Mayor
William F. Knowles	County Clerk
Bill Hullander	County Trustee
Marty Haynes	Assessor of Property

BOARD OF COMMISSIONERS

Sabrena Smedley <i>Chairman</i>	
Tim Boyd <i>Pro Tempore</i>	Warren Mackey
Dr. Steve Highlander	Greg Martin
D. C. (Chip) Baker	David Sharpe
Katherlyn Geter	Randy Fairbanks

CERTAIN APPOINTED OFFICIALS

Lee Brouner, CPA	Administrator of Finance
Vonda Patrick, CPA	Asst. Administrator of Finance
Jenneth Randall, CPA	County Auditor
Rheubin M. Taylor, Esquire	County Attorney

BOND COUNSEL
Kutak Rock LLP
Atlanta, Georgia

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Memphis, Tennessee

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PART II

Supplemental Information Statement

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**OFFICIAL STATEMENT
HAMILTON COUNTY, TENNESSEE**

\$75,750,000* GENERAL OBLIGATION BONDS, SERIES 2021

INTRODUCTION

This Official Statement, including the cover page and the Appendices attached hereto, is provided by Hamilton County, Tennessee (the “County”) for the purpose of furnishing information in connection with the offering of \$75,750,000* in aggregate principal amount of the County’s General Obligation Bonds, Series 2021 (the “Bonds”). The Bonds are being issued by the County and are general obligations of the County for which the full faith, credit and taxing power of the County are pledged. Brief descriptions of the Bonds, the Resolution (as defined herein) authorizing the issuance of the Bonds and the County are included in this Official Statement. These descriptions do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to that document, and references to the Bonds are qualified in their entirety by reference thereto.

THE BONDS

DESCRIPTION

The Bonds will be issued under and subject to the terms and conditions contained in resolutions adopted by the Hamilton County Board of Commissioners (the “Commission”) on October 6, 2021 and November 17, 2021 (collectively, the “Resolution”), Section 9-21-201 *et. seq.* of the Tennessee Code Annotated, and a Certificate of the County Mayor executed on November __, 2021 with respect to the Bonds. The Series 2021 Bonds are being issued to (1) fund the costs of designing, acquiring, construction and equipping various school and other governmental projects of the County and (2) pay the costs of issuing the Bonds. The Bonds will be direct obligations of the County for which its full faith and credit are pledged and are payable from taxes levied on all taxable property in the County subject to taxation by the County without limitation as to rate or amount.

The Bonds will be dated, will mature and bear interest, all as set forth on the cover and the inside cover of this Official Statement. Interest on the Bonds will be payable semiannually on June 1 and December 1 in each year beginning on June 1, 2022.

The Bonds will be issued as fully registered Bonds without coupons, in the denomination of \$5,000 or integral multiples thereof. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

Interest on the Bonds will be paid to the person in whose name the Bond is registered in the Bond registration books kept by the Registrar and Paying Agent as of the close of business on the fifteenth day of the calendar month next preceding any interest payment date by The Bank of New York Mellon Trust Company, N.A. The Bank of New York Mellon Trust Company, N.A. is Registrar and Paying Agent for the Bonds.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Information relating to DTC and the Book-Entry Only system is contained in Appendix D.

OPTIONAL REDEMPTION

The Bonds maturing on or before December 1, 2031 are not subject to redemption before their stated maturities. The Bonds maturing on or after December 1, 2032 are subject to redemption at the option of the County on and after December 1, 2031, in whole or in part on any date at a redemption price equal to the aggregate principal amount of the Bonds called for redemption, together with accrued interest thereon to the redemption date.

MANDATORY SINKING FUND REDEMPTION

The Bonds maturing on December 1, 20__ (the “Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on January 1 of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
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At the option of the County to be exercised by delivery of a written certificate to the Registrar not less than 45 days next preceding any mandatory sinking fund redemption date, the County may (1) deliver to the Registrar for cancellation Term Bonds (which are subject to mandatory sinking fund redemption on such mandatory sinking fund redemption date) or portions thereof in denominations of \$5,000 or any integral multiple thereof or (2) specify a principal amount of such Term Bonds (which are subject to mandatory sinking fund redemption on such mandatory sinking fund redemption date) or portions thereof in denominations of \$5,000 or any integral multiple thereof which prior to said date have been redeemed and cancelled by the Registrar and not theretofore applied as a credit against any mandatory sinking fund redemption obligation with respect to such Term Bonds. Each Term Bond or portion thereof so delivered or previously redeemed will be credited by the Registrar at 100% of the principal amount thereof against the obligation of the County on such mandatory sinking fund redemption date.

NOTICE OF REDEMPTION

If the Bonds or any portion thereof are called for optional redemption, notice of redemption, describing the Bonds to be redeemed and any conditions relating to such redemption, if any, and specifying the redemption date, will be given by first-class mail, postage prepaid, to the registered owners thereof as shown on the registry books of the County kept by the Registrar, not less than 30 days nor more than 60 days prior to the redemption date. If the notice of redemption is mailed as aforesaid and if on or before the date fixed for redemption, payment thereof is duly made or provided for, interest on the Bonds to be redeemed will cease to accrue from and after the redemption date specified in such notice. If less than all of the Bonds are called for redemption, the Bonds within a maturity to be redeemed will be selected by the Paying Agent by lot, in such manner as it may determine. Notwithstanding any provision in the Resolution to the contrary, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original notice of redemption was given. While DTC or its nominee is the registered owner of the Bonds, the County and the Paying Agent shall not be responsible for mailing notices of redemption to Participants or Indirect Participants or to the Beneficial Owners of the Bonds.

AUTHORIZATION AND SECURITY

The Bonds are general obligations of the County authorized by the Resolution and are being issued in accordance with the Resolution and Section 9-21-201 *et. seq.* of the Tennessee Code Annotated.

SOURCES OF PAYMENT

The Resolution provides that, for the purpose of providing funds with which to pay the principal of and interest accruing on the Bonds at their maturities, there will be levied upon all taxable property in the County, in addition to all other taxes, a direct annual tax for each of the years while the Bonds, or any portion thereof, are outstanding, in amounts sufficient for that purpose.

BONDHOLDERS' REMEDIES

By statute, any holder of the Bonds has the right, in addition to all other rights, (i) by mandamus or other suit, action or proceeding brought in any court of competent jurisdiction to enforce such holder's rights against the County, the governing body of the County and any officer, agent or employee of the County including, but not limited to, the right to require the County, the governing body of the County and any proper officer, agent or employee of the County to assess, levy and collect taxes, and to fix and collect fees, rents, tolls, or other charges adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the County, the governing body of the County, and any officer, agent or employee of the County to carry out any other covenants and agreements and to perform its and their duties under the Resolution and the statutes which authorized the issuance of the Bonds, and (ii) by action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such holder of the Bonds.

DEBT LIMIT

The statutes under which the Bonds are issued provide that they may be issued without regard to any limit on indebtedness provided by law.

PAYING AGENT AND REGISTRAR

The Bank of New York Mellon Trust Company, N.A. or its successor will serve as Paying Agent and Registrar for the Bonds.

THE PROJECTS

A portion of the proceeds from the sale of the Bonds will be used to finance or refinance (including reimbursing the County for amounts expended prior to the date of issuance of said bonds for such projects) the costs of designing, acquiring, constructing, equipping and furnishing various school and other governmental projects of the County.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds for the Bonds are estimated as follows:

Sources of Funds	
Principal Amount of Bonds	\$
Net Premium	
Total Sources	<u>\$</u>
Uses of Funds	
Deposit to Project Account	\$
Underwriter's Discount	
Costs of Issuance	
Total Uses	<u>\$</u>

STATEMENT OF DEBT
(As of June 30, 2021, except as to the Bonds¹)

Total General Obligation Debt:	
General Improvement	\$ 116,023,872
School Construction	183,896,128
Total Direct Debt	<u>299,920,000</u>
Less: Debt Service Fund Balance	<u>9,807,882</u>
Net Direct Debt	<u>290,112,118</u>
Overlapping Debt: (net of self-supporting debt)	
Chattanooga	345,737,356
East Ridge	17,855,328
Red Bank	1,834,100
Signal Mountain	4,819,000
Collegedale	6,609,337
Soddy Daisy	<u>800,000</u>
Total Overlapping Debt	<u>377,655,121</u>
Net Direct and Overlapping Debt	<u>\$ 667,767,239</u>

Debt Ratios:

	Per Capita	% of Assessed Value	% of Actual Value
Total Direct Debt	\$ 818.99	2.78%	0.83%
Net Direct Debt	\$ 792.21	2.69%	0.80%
Net and Overlapping Debt	\$ 1,823.47	6.20%	1.85%
Population	366,207		
Assessed Valuation	\$ 10,772,289,959		
Actual Valuation	\$ 36,192,483,095		

SCHEDULE OF DEBT SERVICE REQUIREMENTS

(Amounts as of June 30, 2021, except as to the Bonds)

Fiscal Year	Existing Debt Service			Plus: The Bonds			Total Debt Service			% Prin Retired
	Principal	Interest ¹	Total	Principal	Interest	Total	Principal	Interest	Total	
2022	34,795,000	14,245,446	49,040,446	-	-	-	34,795,000	14,245,446	49,040,446	
2023	35,085,000	12,658,741	47,743,741	-	-	-	35,085,000	12,658,741	47,743,741	
2024	29,410,000	11,055,216	40,465,216	-	-	-	29,410,000	11,055,216	40,465,216	
2025	27,305,000	9,676,780	36,981,780	-	-	-	27,305,000	9,676,780	36,981,780	
2026	25,655,000	8,372,150	34,027,150	-	-	-	25,655,000	8,372,150	34,027,150	33.1%
2027	26,090,000	7,089,400	33,179,400	-	-	-	26,090,000	7,089,400	33,179,400	
2028	21,900,000	5,784,900	27,684,900	-	-	-	21,900,000	5,784,900	27,684,900	
2029	18,340,000	4,689,900	23,029,900	-	-	-	18,340,000	4,689,900	23,029,900	
2030	18,500,000	3,772,901	22,272,901	-	-	-	18,500,000	3,772,901	22,272,901	
2031	14,475,000	2,847,900	17,322,900	-	-	-	14,475,000	2,847,900	17,322,900	72.9%
2032	14,275,000	2,157,450	16,432,450	-	-	-	14,275,000	2,157,450	16,432,450	
2033	14,395,000	1,475,000	15,870,000	-	-	-	14,395,000	1,475,000	15,870,000	
2034	3,385,000	787,800	4,172,800	-	-	-	3,385,000	787,800	4,172,800	
2035	3,520,000	652,400	4,172,400	-	-	-	3,520,000	652,400	4,172,400	
2036	3,665,000	511,600	4,176,600	-	-	-	3,665,000	511,600	4,176,600	94.6%
2037	455,000	365,000	820,000	-	-	-	455,000	365,000	820,000	
2038	475,000	346,800	821,800	-	-	-	475,000	346,800	821,800	
2039	490,000	327,800	817,800	-	-	-	490,000	327,800	817,800	
2040	510,000	308,200	818,200	-	-	-	510,000	308,200	818,200	
2041	535,000	287,800	822,800	-	-	-	535,000	287,800	822,800	97.4%
2042	555,000	266,400	821,400	-	-	-	555,000	266,400	821,400	
2043	575,000	244,200	819,200	-	-	-	575,000	244,200	819,200	
2044	600,000	221,200	821,200	-	-	-	600,000	221,200	821,200	
2045	625,000	197,200	822,200	-	-	-	625,000	197,200	822,200	
2046	650,000	172,200	822,200	-	-	-	650,000	172,200	822,200	98.4%
2047	675,000	146,200	821,200	-	-	-	675,000	146,200	821,200	
2048	700,000	119,200	819,200	-	-	-	700,000	119,200	819,200	
2049	730,000	91,200	821,200	-	-	-	730,000	91,200	821,200	
2050	760,000	62,000	822,000	-	-	-	760,000	62,000	822,000	
2051	790,000	31,600	821,600	-	-	-	790,000	31,600	821,600	100.0%
	<u>\$ 299,920,000</u>	<u>\$ 88,964,583</u>	<u>\$ 388,884,583</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>\$ 299,920,000</u>	<u>\$ 88,964,583</u>	<u>\$ 388,884,583</u>	

(1) Interest is gross of subsidy receipts.

TAX MATTERS

GENERAL MATTERS

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the County with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The County has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Tennessee statutes, interest on the Bonds is exempt from all state, county and municipal taxation in the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent that interest on the Bonds is included within the measure of certain excise taxes and franchise taxes imposed under Tennessee law. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Tennessee or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix B.

ORIGINAL ISSUE DISCOUNT

The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by

compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

ORIGINAL ISSUE PREMIUM

The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

RECOGNITION OF INCOME GENERALLY

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

BACKUP WITHHOLDING

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

CONTINUING DISCLOSURE

Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (the “Rule”), prohibits an underwriter from purchasing or selling municipal securities unless it has determined that the issuer of such securities has committed to provide annually certain information, including audited financial information, and notice of various events described in the Rule, if material. The County has covenanted in the Resolution for the benefit of the holders and beneficial owners of the Bonds to distribute certain financial information and operating data relating to the County by not later than nine months following the end of the County’s fiscal year, commencing with the fiscal year ended June 30, 2021 (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events in a timely manner not in excess of ten business days after the occurrence of the event. See Appendix C attached hereto.

The County has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in the Rule during the past five years.

COVID-19

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the County, and in January 2020, was declared by the World Health Organization to be a Public Health Emergency of International Concern. While the effects of COVID-19 on the County may be temporary, the virus continues to negatively affect travel, commerce and financial markets across the world.

Through September 2021, Hamilton County has reported approximately 62,000 known cases of COVID-19, with 1,571 cases still active as of such date. The County is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the County. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the County cannot accurately predict the magnitude of the impact of COVID-19 on the County and its financial condition. The County continues to proactively take steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential County operations.

The County continues to carefully monitor the effect of the COVID-19 pandemic on its finances. Historically, the County's largest sources of revenues have been property tax and local option sales tax revenues. The COVID-19 pandemic did not have a material negative impact on fiscal year 2020 or fiscal year 2021 property tax and local option sales tax collections. The County cannot predict whether a continuation of the pandemic will have a material impact on property and sales tax collections in fiscal year 2022.

The County, primarily through its Health Department, has spent and continues to expend a significant amount of resources toward addressing the COVID-19 pandemic. The County has received and expects to continue receiving a significant amount of Federal and/or State assistance to offset certain of these costs of addressing the COVID-19 pandemic.

Through September 2021, the County has been awarded the following amounts of Federal and State of Tennessee assistance to address the COVID-19 pandemic:

- \$5.4 million in Federal CARES Act moneys distributed by the State of Tennessee;
- \$15.7 million in Federal Funding for Epidemiology and Laboratory Capacity for Infectious Diseases distributed by the State of Tennessee;
- \$71.4 million in State and Local Fiscal Recovery Funds (SLFRF) from the Federal American Rescue Plan Act (ARPA);
- \$10.7 million to Hamilton County Schools distributed by the State for ESSER (Elementary and Secondary School Emergency Relief Fund) 1.0;
- \$40.5 million to Hamilton County Schools distributed by the State for ESSER 2.0; and
- \$91.0 million to Hamilton County Schools distributed by the State for ESSER 3.0

The SLFRF monies of \$71.4 million will be used by Hamilton County government in accordance with the ARPA expenditures guidelines. Initial plans are focused on addressing critical needs relating to various public health issues that have become even more evident during the course of the pandemic; funding critical infrastructure needs related to sewer, water and broadband; and funding certain critical capital needs in accordance with the ARPA revenue loss guidelines. The SLFRF proceeds have been deposited into a special revenue fund, and all expenditures of the SLFRF grant proceeds will be spent from the special revenue fund. The SLFRF revenues and projected expenditures are not included in the FY 2022 budget for the County.

Similarly, the ESSER grants distributed to the Hamilton County Schools and projected expenditures of the ESSER grants are not included in the FY 2022 budget for the County.

The County's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the County during the fiscal year ending June 30, 2022.

FINANCIAL ADVISOR

PFM Financial Advisors LLC (“PFM”) is employed by the County to perform professional services in the capacity of a financial advisor. In its role as financial advisor to the County, PFM has provided advice on the plan of financing and structure of the Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement but relied on the information supplied by the County and other sources and the County’s certification as to the Official Statement. PFM is not passing upon or warranting the truth, accuracy, completeness, or fairness of the information contained within the Preliminary Official Statement.

UNDERWRITING

The Bonds will be sold by the County at a competitive public sale, on November __, 2021, via electronic bids received by PARITY Electronic Bid Submission System, a service of i-Deal LLC. Details concerning the sale of the Bonds are contained in the Official Notice of Sale dated November 19, 2021, which was available to bidders of the Bonds.

The successful bidder of the Bonds (the “Underwriter”) has agreed, subject to the conditions of closing set forth in the Official Notice of Sale relating to the Bonds, to purchase the Bonds at a purchase price of \$_____ (or the par amount of the Bonds less an Underwriter’s discount of \$_____ and plus a net original issue premium of \$_____). The Underwriter is _____.

The Bonds will be offered at the respective initial public offering prices shown on the inside front cover page of this Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering prices stated on the inside front cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter in its discretion.

CERTIFICATION AS TO OFFICIAL STATEMENT

The County will confirm to the successful bidder for each series of the Bonds by a certificate signed on its behalf by the County Mayor and delivered at the closing for the Bonds to the effect that, at the time of the acceptance of the bids and at the time of closing, (i) the information and statements, including financial statements of or pertaining to the County, contained in this Official Statement were and are correct in all material respects and (ii) insofar as the County and their affairs, including their financial affairs, are concerned, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

INDEPENDENT AUDITORS

Tennessee law requires an annual audit of the County’s Financial Statements by independent certified public accountants. Mauldin & Jenkins, LLC, independent auditors, have audited the financial statements included in Appendix A to this Official Statement, for the fiscal year ended June 30, 2021. In addition to meeting the requirements of the commission set forth in Tennessee statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget Circular A-133.

RATINGS

Moody's Investors Service, Inc., Fitch, Inc. and S&P Global Ratings (the "Rating Agencies") have given the Bonds the ratings of Aaa, AAA, AAA, respectively. An explanation of the significance of the ratings may be obtained from the Rating Agencies. The ratings reflect only the views of the Rating Agencies, and the County makes no representation as to the appropriateness of the ratings. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by the Rating Agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

LEGALITY

The opinion of Bond Counsel with respect to the Bonds in substantially the form attached to this Official Statement as Appendix B, will be delivered on the date of issuance and delivery of the Bonds. No opinion will be given by Bond Counsel with respect to this Official Statement.

LITIGATION

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with its County Attorney, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position or results of operations of the County.

There is no litigation now pending or, to the knowledge of the County, threatened against the County (i) which restrains or enjoins the issuance or delivery of the Bonds, the levy of an ad valorem tax for the payment of the Bonds, or the use of the proceeds of the Bonds or (ii) which questions or contests the validity of the Bonds or the proceedings and authority under which they are to be issued and an ad valorem tax is to be levied to pay the Bonds. Neither the creation, organization, nor existence of the County, nor the title of the present members or other officials of the Board of Commissioners to their respective offices, is being contested or questioned.

The execution and delivery of this Official Statement have been duly authorized and approved by the County.

HAMILTON COUNTY, TENNESSEE

Jim M. Coppinger
County Mayor

PART II
SUPPLEMENTAL INFORMATION STATEMENT
HAMILTON COUNTY, TENNESSEE

PART II
SUPPLEMENTAL INFORMATION STATEMENT
HAMILTON COUNTY, TENNESSEE

In addition to providing audited financial information as of and for the year ended June 30, 2020, Hamilton County, Tennessee intends that this Supplemental Information Statement will be used, together with information specifically provided by the County for that purpose, in connection with the offering and issuance by the County of its securities. No person, except as noted on the cover page, has been authorized by the County to give any information or to make any representations not contained in this Supplemental Information Statement or any supplement which may be issued hereto and if given or made, such other information or representations must not be relied upon as having been authorized.

The information, estimates and expressions of opinion in this Supplemental Information Statement are subject to change without notice. The delivery of this Supplemental Information Statement shall not, under any circumstances, create any implication that there has been no material change in the affairs of the County since the date of this Supplemental Information Statement.

The County has prepared its most recent Comprehensive Annual Financial Report containing additional financial statements and other information for the fiscal year ended June 30, 2020.

Please contact Mr. Lee H. Brouner, Administrator of Finance, or Mrs. Vonda Patrick, Assistant Administrator of Finance, 455 North Highland Park Avenue, Chattanooga, Tennessee 37404 (423-209-6308) for questions regarding information in this Supplemental Information Statement, copies of the Comprehensive Annual Financial Report, or placement on the mailing list for the Supplemental Information Statement.

The date of this Supplemental Information Statement is June 30, 2020 unless otherwise noted.

TABLE OF CONTENTS

If this Supplemental Information Statement is used as a Part II of any Preliminary Official Statement prepared by the County to offer and sell securities, this Table of Contents will relate only to that Part II. A separate Table of Contents will be included at the front of Part I of the Preliminary Official Statement for that part.

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SUPPLEMENTAL INFORMATION STATEMENT

HAMILTON COUNTY, TENNESSEE

INTRODUCTION

Hamilton County is located in southeastern Tennessee, midway between Nashville and Atlanta, Georgia. Hamilton County includes the cities of Chattanooga, Collegedale, East Ridge, Red Bank and Soddy Daisy, and the towns of Lookout Mountain, Ridgeside, Walden, Lakesite and Signal Mountain. The Tennessee State Legislature created the County on October 25, 1819.

Located in the heart of the majestic Tennessee Valley at the junction of Tennessee, Alabama, and Georgia, Hamilton County offers a bounty of cultural and recreational activities which enhance its reputation as a thriving business center. Its central location makes it easily accessible to cities such as Atlanta, Birmingham, Huntsville, Nashville, and Knoxville - all within a 2-2 ½ hour drive.

FORM OF GOVERNMENT

The County, pursuant to 1978 Public Act 934, is governed by a County Mayor elected at large and a nine-member Board of County Commissioners elected by district. Some duties of government are performed by various elected and appointed clerks of the courts and by the elected Sheriff, Assessor of Property, Register of Deeds and County Trustee. The County Trustee collects all property taxes and acts as the clearinghouse for all County funds. All other financial functions of the County are managed by the Administrator of Finance under the direction of the County Mayor. Those duties include the disbursement of funds, accounting, budgeting, purchasing, debt management, and preparation of the County's Annual Comprehensive Financial Report and Comprehensive Annual Budget Report. The executive offices of the County are located at the Hamilton County Courthouse, Room 208, Chattanooga, Tennessee 37402.

INDUSTRIAL AND ECONOMIC DEVELOPMENT

Hamilton County's central location makes it a perfect distribution center for the eastern United States. Supplies and products for industry flow easily to and from the Chattanooga area by way of an extensive network of highway, water, air and rail transportation systems. Beyond its advantages as a business and entrepreneurial hub, Hamilton County is blessed with beautiful natural surroundings. A gracious lifestyle results from the community's commitment to preserving its culture and supporting the arts. The area offers excellent educational opportunities and quality health care as well as a virtually unlimited range of recreational activities – all at one of the lowest costs of living in the nation.

Hamilton County's city of Chattanooga is one of the South's oldest manufacturing cities; however, no single business category dominates the city today. Economic advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force, and centralized location make this area a diversified and profitable business location. Hamilton County's unemployment rate stands at 4.1 percent as of August 2021. This is compared to the Metropolitan Statistical Areas (the "MSA") unemployment rate of 3.7 percent, the nation's 5.2 percent, and the state's 4.6 percent for the same period according to Tennessee Department of Labor and Workforce Development.

Hamilton County understands what it takes to remake itself. With Chattanooga at its center, both Hamilton County officials and City officials have continued to work together to bring people to Hamilton County to visit and then entice them to stay.

Thrive 2055, a 16-county regional plan, is a citizen-led, public-private endeavor to engage people from across the tri-state Chattanooga/Hamilton County region of Southeast Tennessee, Northwest Georgia, and Northeast Alabama to enhance economic opportunities, regional transportation, education and training, and preserve the region's natural treasures. In addition, Hamilton County is an active participant of the ThreeStar planning process which encourages community leaders to work together to improve economic development, public safety, education and workforce development.

Hamilton County experienced continued economic development recruitment in collaboration with the Chattanooga Chamber of Commerce and the Tennessee Department of Economic and Community Development over the past year resulting in nine projects-- seven expansions and two new projects. The development consisted of diverse products and services across various business sectors with a total capital investment of \$400 million and more than 1,300 new jobs.

Over the past two years, many industries, the workforce, the economy, and the nation as a whole, have had a difficult time due to the COVID-19 pandemic. The Federal Government has implemented laws and policies to address economic recovery, to overcome adversity and keep businesses thriving. COVID-19 Economic Relief provided by the U.S. Department of the Treasury includes support from The CARES Act (2020), The Consolidated Appropriations Act (2021), and the American Rescue Plan Act (March, 2021), all designed to provide fast and direct economic assistance for American workers, families, small businesses, and industries in the following impact areas:

- Assistance for American families and workers—economic impact payments, unemployment compensation, child tax credit
- Assistance for small businesses—Small Business Tax Credit Programs, Emergency Capital Investment Program, Paycheck Protection Program
- Assistance for state, local, and tribal governments—Coronavirus State and Local Fiscal Recovery Funds, Capital Projects Fund, Homeowner Assistance Fund, Emergency Rental Assistance Program, State Small Business Credit Initiative, Coronavirus Relief Fund
- Assistance for American industry—Airline and National Security Relief Programs, Coronavirus Economic Relief for Transportation Services Program, Payroll Relief Programs

<https://home.treasury.gov/policy-issues/coronavirus>

Throughout the nation, the economy has been responding to the ongoing pandemic, and due to resiliency and recovery efforts, Hamilton County continues to remain active in industrial and economic development.

Hamilton County maintains a stable tax environment through tools like Payment In Lieu of Tax (PILOT) projects. PILOTs help advance job creation and competitiveness which promotes industrial site and business park development that further supports business recruitment, retention and expansion.

The Electric Power Board (EPB), one of Hamilton County's primary power utilities, became the first, and to date, only American internet service provider to offer up to 10 Gig (10,000 mbps) internet speeds accessible to all of its residential and commercial customers as a standard offer. EPB is the first local company to earn the Leadership in Energy and Environmental Design (LEED) certification at Gold level for an existing building. EPB utilized its community-wide fiber optic network to deploy the most advanced and highly automated smart grid power management system in the nation. For the first time in its 82-year existence, EPB is selling or leasing shares of its new solar farm to its 170,000 electric customers, thus giving their customers a chance to buy into part of a new source of clean electricity generation. In July 2020, EPB partnered with the Hamilton County Schools to provide free home internet service and the necessary equipment for approximately 28,500 students who may not be able to afford internet at home. This partnership was formulated in light of the world wide pandemic (COVID 19). The service will help to boost learning for children who are participating in the at home learning program. In June 2021, EBP and Hamilton County Schools (HCS) EdConnect partners received the American Public Power Association (APPA) "Sue Kelly" Community Service Award. This award recognizes "good neighbor" activities that demonstrate the commitment of the utility and its employees to the community. In recognition of EPB's groundbreaking infrastructure, the Department of Energy and Oak Ridge National Laboratory are utilizing EPB's smart grid as a national model for researching and developing best practices. EPB is also the first major power distribution utility to earn the USGBC's PEER certification for having a highly automated, modernized electric power grid.

Sparked by its high-speed internet infrastructure, Chattanooga is the first mid-sized city in America with an established Innovation District. The District is approximately a quarter mile walking radius in the heart of downtown, anchored by the Edney Innovation Center - a 90,000 square foot, 10-story building at the corner of

Market and 11th Streets. The Innovation District is designed for newborn companies steered by talented creative entrepreneurs that carve out compelling ideas, and for existing businesses to expand.

A bustling tech scene and one of America's most start-up friendly cities which has the lowest start-up cost in the country, Chattanooga - known as "Gig City"- created a hub of start-up businesses. District revitalization has occurred through the development of mixed use housing and retail to support the district's unique entrepreneurial culture. In January 2021, StartingBlockChattanooga.com, a new website that corrals Chattanooga's wide variety of business startup resources in one place, emerged. This new website offers a single point entry for entrepreneurs seeking support.

Investment in economic growth continues at the Enterprise South Industrial Park (ESIP). This 3,000-acre industrial park was identified by the Tennessee Valley Authority as Tennessee's first industrial mega site. Today it is home to the Volkswagen Group of America's (VW) North American assembly plant, which was completed at an investment of \$1 billion and opened for production in 2008. The plant is to date the largest single investment ever made by a company in Tennessee. Volkswagen is slated to assemble Chattanooga's first electric vehicle next year which was cited as "World Car of the Year" in 2021 for its environmental friendliness and technology. The \$800 million investment currently in progress will add more than 750,000 square feet to produce the electric vehicle and will include a 564,000-square-foot expansion to the body shop where workers will build both internal combustion engine vehicles and electric vehicles on the same assembly line.

Enterprise South Industrial Park currently is home to multiple companies such as Volkswagen (VW), Amazon, Gestamp, ADM, Plastic Omnium, Empire Distributors of Tennessee, TAG manufacturing, and Sese. Sese, a new 300,000-square-foot assembly plant that assembles axle components for VW's electric vehicle line, is projected to bring 240 jobs to Chattanooga. Sese will have invested \$42 million into the new manufacturing plant by 2022.

Hamilton County has additionally experienced strong economic growth in areas other than ESIP.

- MFG, a chemical manufacturer that makes chemicals used in oil and gas, water treatment, pulp, paper, and personal care sectors, will move its headquarters to Chattanooga.
- Freight Waves, a Chattanooga-based freight data and analytics company, has added a \$16 million carbon monitor platform, called Freight Waves Carbon Intelligence (FCI) to their operations. FCI will provide benchmarking reports to shippers and carriers to assist them in monitoring the carbon output.
- Reliance Partners, LLC, an insurance brokerage and advisory company, will invest \$ 1.3 million to expand its Chattanooga headquarters that will create more than 100 new jobs. The company offers transportation insurance solutions, including truck, warehousing and freight broker insurance as well as other types of insurance and liability coverage.
- Southern Champion Tray, a Chattanooga-based company that makes paperboard packaging products, will invest \$85 million in a new manufacturing plant at Centre South Riverport, creating more than 120 jobs.

Hamilton County Government has a successful history in business development and promoting industrial growth. County industrial parks include Enterprise South, Mountain View, Silverdale, Bonny Oaks, Ooltewah, Soddy Daisy, and the Centre South Riverport.

The County has partnered with the Chamber of Commerce to manage the Center for Entrepreneurial Growth (CEG), a Technology Business Incubator, to assist emerging technology companies and help mentor existing businesses in new technology. The CEG operates in the Business Development Center and has a facility in the Engineering Building at the University of Tennessee at Chattanooga (UTC) that allows entrepreneurs to access high-tech equipment and mentors from the UTC Engineering Department's staff.

The cooperation of public and private sectors has been paramount in funding new development and accomplishing goals. The dynamic improvements in the downtown area have encouraged renewal and growth in all areas of the County. Advances in parks and recreation have made Hamilton County a more attractive destination for visitors and new residents.

Managed in partnership by Hamilton County and the City of Chattanooga, the Tennessee RiverPark is a ten-foot-wide paved, landscaped and lighted scenic urban greenway anchored along the southern bank of the

Tennessee River. The family friendly route begins at Chickamauga Dam and stretches to the heart of the downtown business and tourism district to Lookout Mountain and the hundreds of miles of trails extending into Alabama and Georgia. The RiverPark is an acknowledged catalyst for billions of dollars of downtown redevelopment and a connector for neighborhoods and business districts.

Coolidge Park, named in honor of Charles Coolidge, a World War II Medal of Honor recipient, is located in the Northshore community along the Tennessee River. The park's three-row vintage carousel, designed by Gustave Denzel and built in 1895, was restored and fitted with 52 animals carved and painted by local and out-of-town sculptors. Coolidge Park is a shining example of the public and private partnerships that exist in Hamilton County.

The 2,800-acre Enterprise South Nature Park is jointly funded by Hamilton County and the City of Chattanooga. Visitors can walk along woodland paths that traverse a variety of terrains and feature scenic overlooks and a "hidden lake." The Enterprise South Nature Park contains 10.5 miles of woodland walking and hiking trails, 10 miles of mountain bike trails, 8.5 miles of paved walking and bike roads, and a 7-mile driving loop. The park features a Visitors Center with meeting rooms, historical exhibits, equestrian trails, and picnic areas.

With its experience, resources, low cost of living and progressive leadership, Hamilton County is certainly well-positioned for continued growth and success in industrial and economic development.

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FINANCIAL INSTITUTIONS

There are 19 banking institutions within Hamilton County reporting total deposits of \$11,312,869,000 as of June 30, 2021. The following amounts are shown in thousands.

Institution	Deposits (000s)
First Tennessee Bank, National Association	\$ 3,024,787
Truist Bank	1,954,423
Regions Bank	1,571,826
Pinnacle Bank	1,359,117
Bank of America, National Association	1,284,751
FirstBank	472,116
SmartBank	466,217
First Volunteer Bank	311,266
SouthEast Bank	228,961
Millenium Bank	223,447
Synovus Bank	127,354
Citizens Tri-County Bank	95,638
Reliant Bank	52,031
Rockpoint Bank	42,458
First-Citizens Bank & Trust Company	29,236
First Citizens National Bank	27,655
BancorpSouth Bank	18,492
Simplybank	13,950
Tower Community Bank	9,144
	<hr/> <hr/>
	\$ 11,312,869

Source: The Federal Deposit Insurance Corporation, as of June 30, 2021 (<https://www.fdic.gov/>)

TRANSPORTATION SERVICES

Hamilton County serves as a major regional transportation hub. Air transportation services are provided by Lovell Field, which is operated by the Chattanooga Metropolitan Airport Authority. Lovell Field is served by Allegiant Air, American Eagle, Delta Connection and United. Passenger traffic at all of the airlines serving Chattanooga decreased in 2020 as a result of the pandemic. Passenger boarding volume was at approximately 525,000 for 2021. Airport authorities recently completed a \$25 million, 1,300 space, four-level parking garage which includes a covered rental car lot on the lower level and a covered walkway to baggage claim. In addition, the airport has plans for a \$28 million terminal expansion in 2022. The first planned phase will add 26,000 square feet while renovating up to 14,000 square feet. A privately owned and operated airport facility include Collegedale Municipal Airport. All airport facilities are conveniently located near the downtown area and provide such services as aircraft sales, instruction, charter services, fueling, and maintenance of aircraft.

Railway service is provided by three divisions of the Norfolk Southern Railway System and two divisions of the CSX Transportation System, all with switching service throughout the entire area. Modern “piggyback” service is provided by all lines.

The County is served by three interstate highways, seven U.S. highways, and nineteen State highways. One interstate bus line operates from Chattanooga to all other major cities. Local mass transportation service is furnished by the Chattanooga Area Regional Transportation Authority (CARTA). Multiple daily departures are made via privately operated shuttle services to major metropolitan areas surrounding Chattanooga, including Atlanta, Birmingham, Nashville, and Knoxville.

Public use port terminals include JIT Terminal, Mid-South Terminals and the Centre South Riverport. The Tennessee River provides year-round, low-cost water transportation with a nine-foot minimum navigational depth and links to the nation's 10,000-mile inland waterway system. This system, formed largely by the Mississippi River and its tributaries, effectively links this area with the Great Lakes in the north and the Gulf of Mexico in the south. The nearby Tennessee-Tombigbee Waterway cuts the distance to the Gulf of Mexico by 850 miles.

HEALTH CARE SERVICES AND FACILITIES

Chattanooga is known as a regional leader in the medical field. In Hamilton County, 14% of jobs and 16% of payroll are generated by health care, including over 939 health care providers. Recognition of Chattanooga’s medical community includes Erlanger Medical Center, which has the region’s only Level 1 Trauma Center; the Tennessee Craniofacial Center, one of the leading facial reconstructive centers in the country treating patients from all over the world; the Chattanooga Heart Institute, one of the leading heart centers in the region; and Siskin Hospital, Tennessee’s only not-for-profit hospital dedicated to physical rehabilitation. Health care facilities include seven large hospitals, emergency medical centers, public and private mental health facilities, drug and alcohol abuse recovery facilities, rehabilitation centers and speech and hearing facilities for the disabled. In addition, the Hamilton County Health Department provides services and facilities for the protection and wellbeing of the public health. Total bed capacity of all hospital facilities is 1,940.

The Erlanger Health System, headquartered in Chattanooga, is comprised of seven campuses serving residents living within a 150-mile radius of Chattanooga. The campuses include the Baroness Erlanger Campus, the region’s only Level One Trauma Center; the Neurosciences Center, home to the region’s only certified academic center that offers a comprehensive array of neurological services; T.C. Thompson Children’s Hospital at Erlanger; Erlanger North Hospital; Erlanger East Hospital; Erlanger Bledsoe Hospital, located in Pikeville, Tennessee; and Erlanger Western Carolina Hospital. Erlanger is the region’s only teaching hospital, affiliated with the University of Tennessee College of Medicine. Erlanger has six Life Force air ambulances in its fleet; two based in Tennessee, two in Georgia, one in Winchester, Tennessee, and one in western North Carolina. The Kennedy Outpatient Center, a 90,000 square foot building, includes more than twenty pediatric subspecialties, including the region’s only level IV neonatal intensive care unit. Erlanger partnered with Acadia Healthcare, owner of the nation’s largest network of mental health facilities, and opened a two-story, 69,000-square foot, 88-bed facility in 2018. It provides in-patient, outpatient, and partial hospitalization for children, adults, seniors, and veterans.

Memorial Hospital has ten locations, including three hospitals, one imaging center, one community health center, one medical center, one medical office, one Health at Home Office and two physical therapy centers. In June 2021, CHI Memorial opened a new surgery center in Ringgold, Georgia. The surgery center provides several

outpatient surgical services such as breast surgery, endoscopy services, urologic services, and plastic surgery. Memorial’s main campus houses its state of the art Guerry Heart and Vascular Center, which includes 95 private patient rooms; a 22-bed cardiac short stay unit; 7 cardiac cath labs; 2 interventional labs; 1 dedicated imaging center; a diabetes and nutrition center; a weight management center; and a new chapel. The Lehman Family Center is an extension of its cardiac rehabilitation facility. In addition, Memorial now offers breakthrough technology that corrects heart valve leakage. It is the first in the Chattanooga region to offer mitraclip therapy, the world’s first trans catheter mitral valve repair - meaning no surgical incisions are needed to deliver this life changing therapy.

Parkridge Hospital has four locations that offer a wide range of services, including but not limited to, inpatient and outpatient surgical services, maternity and emergency services. Two of the Parkridge campuses include psychiatric facilities offering child and adolescent services, crisis intervention, and adult and senior care. In September 2020, Parkridge North opened an emergency room (ER) facility. The \$12 million facility will hold eleven ER beds, provide CT and diagnostic x-ray, onsite laboratory, pharmacy oversight and radiology support.

Selected information about the hospitals is as follows:

	No. of Beds	Gross Revenues	Net Revenues	No. of Employees
Erlanger Hospital	930	\$3,919,564,934	\$1,071,986,939	6,336
Memorial Hospital	349	2,080,922,000	480,157,000	2,539
Parkridge Medical Center	275	1,213,029,788	198,423,749	700
Parkridge East Hospital	128	531,264,078	85,081,589	343
Parkridge Valley Behavioral Health	172	178,260,210	39,728,194	304
Memorial North Park Hospital	75	380,502,000	75,804,000	359

Source: Hospital Administration

EDUCATIONAL FACILITIES

Total public-school locations and enrollment for Hamilton County Schools for the current year and past year follow:

	2019-2020		2020-2021	
	<u>Locations</u>	<u>Enrollment</u>	<u>Locations</u>	<u>Enrollment</u>
High School	11	8,800	12	10,148
Middle - High	7	5,985	8	4,651
Middle School	14	7,311	15	7,699
Elementary - High	2	32	2	1,173
Elementary - Middle	3	1,330	1	828
Elementary School	39	20,395	40	19,624
Middle College/Collegiate High School at Chattanooga State Technical Community College	<u>1</u>	<u>169</u>	<u>1</u>	<u>162</u>
Total	<u>77</u>	<u>44,022</u>	<u>79</u>	<u>44,285</u>

Source: Hamilton County Schools 10th day enrollment

In addition to public school facilities, there are various private elementary and secondary educational facilities providing educational opportunities for students within the County, including 32 private and parochial schools with a combined enrollment of over 10,300.

The following universities and colleges were located in the Chattanooga metropolitan area in 2020:

	<u>Enrollment</u>
University of Tennessee at Chattanooga	11,728
Chattanooga State Technical Community College	8,160
Northwestern Technical College	6,389
Southern Adventist University (1)	2,719
Covenant College (1)	844
Miller-Motte Technical College Chattanooga (1)	526
Richmond Graduate University (1)	280
Chattanooga College of Medical Dental and Technical Careers (1)	283

(1) Private

Source: School Administration Offices

POLICE AND EMERGENCY SERVICES

The Hamilton County Sheriff employs 200 total sworn police personnel and an additional auxiliary civilian force of 189. Police protection is also provided by the Chattanooga Police Department and other municipalities and counties throughout the MSA. With 27 local volunteer fire stations, approximately 450 volunteer firemen provide fire protection for unincorporated areas of the County, and 30 municipal fire stations employ 530 firemen. In addition, there are eight specially trained teams: two hazardous materials teams, three ground rescue teams and three water rescue teams, and highly trained 9-1-1 tactical telecommunicators who provide emergency coordination with backup communications capabilities in the event of radio failure. Hamilton County also has one urban search and rescue team that is fully staffed by a mixture of Chattanooga firefighters and area volunteers.

Ambulance service is provided to County residents and visitors by the Hamilton County Emergency Medical Services Department. Fourteen medic stations are strategically located throughout the County. From these stations, 16 advanced life support ambulances are dispatched twenty-four hours a day, seven days a week. The ambulance fleet also has twelve reserve ambulances for use as maintenance replacements or additional response units. Approximately 40,000 emergency 911 calls per year are answered by 150 full-time and 20 part-time AEMTs and paramedics. Hamilton County E.M.S. has been awarded a “Class A” ambulance rating by the State of Tennessee and oversees and coordinates additional medical responses being provided by 13 area fire departments and first responder agencies. The Training Division provides in-service training to all licensed employees, as well as CPR and life-safety classes to area citizens. The Logistics Division maintains medical equipment and supplies required for daily responses, as well as medical grade PPE for use by personnel during the current pandemic situation.

CULTURAL ACTIVITIES AND FACILITIES

Hamilton County is a strong supporter of arts and cultural programs. ArtsBuild serves to ensure that all children and families in Hamilton County will have access to high quality arts and cultural education through a comprehensive and sequential system. ArtsBuild has provided significant arts-related professional development to Hamilton County classroom teachers through the John F. Kennedy Center for the Performing Arts’ Partners in Education program. ArtsBuild’s Imagine! initiative provides tickets, transportation, and integrated curriculum to all kindergarten through fourth grade students in Hamilton County to attend a professional art event each year. ArtsBuild and its cultural partners have invested \$74 million in Chattanooga’s arts organization, arts programs

and arts education over its 50-year history. In July 2020, Arts Build awarded \$525,000 in mission support grants to 21 local arts organizations.

Outdoor free music returned in 2021 with Riverfront Nights at Ross's Landing along the Tennessee River and Nightfall at Miller Plaza in the heart of downtown Chattanooga. These events bring a variety of music talent to the area on a weekly basis during the summer months.

The mountains that surround Hamilton County offer a multitude of opportunities for the outdoor enthusiast. A wide variety of activities are available, including fishing, hang gliding, cycling, camping, rock climbing, rappelling, spelunking, white-water rafting, kayaking and canoeing. The area has excellent tennis facilities and golf courses. The Rowing Center provides a home base for crews rowing the Tennessee River. The area has a number of state and local parks, including the Tennessee RiverPark, featuring picturesque hiking trails, fishing piers, picnic facilities, playgrounds and open spaces. Excellent facilities are available for team sports such as soccer and softball. Opportunities for spectator sports include the Max Finley/Gordon Davenport Stadium, Coolidge Park and the AT&T baseball stadium.

Chattanooga, voted one of the top Ironman cities, is host to the Ironman 70.3 and Ironman events with the recent events held in May 2021 and September 2021, respectively. The Ironman event begins with a point-to-point 2.4-mile swim in the Tennessee River with ample spectator vantage points alongside the city's famous Riverwalk. Athletes look forward to a fast, down-current swim, a two loop 58-mile bike ride through scenic farmland and mountain views, and finally a two-and-half loop, 26.2-mile run course that showcases beautiful downtown Chattanooga.

The Tennessee River, Ross's Landing, and Coolidge Park provide a spectacular setting for many events and is a popular spot for local residents and tourists.

Chattanooga's Southside revitalization has filled the area with art, culture, cuisine and entertainment. Athletic and entertainment venues include the Tennessee Bouldering Authority, Chattanooga's first indoor bouldering and rock climbing facility, Chattown Skate Park, a lighted outdoor park for skate boards, BMX bikes and inline skating, and the First Horizon Pavilion which is home to the Chattanooga Market, football game tailgating and many other events. Adjacent to the pavilion, Finley Stadium is home to the University of Tennessee at Chattanooga football team and the Chattanooga Football Club amateur soccer team. In recent years, the Chattanooga Riverwalk was extended to this area connecting the Southside to downtown Chattanooga as part of the 13 mile paved path along the southern banks of the Tennessee River.

Soccer has expanded in the County with the addition of the Chattanooga Red Wolves professional soccer team. The Red Wolves play in the recently completed CHI Memorial Stadium. The stadium is located in East Ridge and is part of an ongoing \$150 million mixed use development that continues to promote economic and tourism growth for the community.

The County's rich history is evidenced by the nation's largest military park, the Chickamauga and Chattanooga National Military Park. Historic Moccasin Bend, a unit of the Chickamauga and Chattanooga National Military Park, contains numerous Civil War fortifications, Native American burial grounds, and archaeological resources.

The County's rich future is evidenced by the commitment of the community at large and the companies that have invested not only in our economic growth but in our cultural growth as well.

DEMOGRAPHIC TRENDS

POPULATION

Hamilton County has experienced a 9.3% increase in population over the ten-year period 2000 - 2010. Population and growth trends since 1970 are shown in the following table.

Census Year	City Area	City of Chattanooga	Hamilton County	State of Tennessee	Decennial Percent Change			
					City	County	State	US
1970	52.5	119,923	255,077	3,962,018	-7.8%	7.2%	10.1%	13.3%
1980	126.9	169,565	287,740	4,591,120	41.4%	12.8%	15.9%	11.4%
1990	126.9	152,466	285,536	4,877,855	-10.1%	-0.8%	6.2%	9.8%
2000	126.9	155,554	307,896	5,689,283	2.0%	7.8%	16.6%	13.1%
2010	137.2	167,674	336,463	6,346,105	7.8%	9.3%	11.5%	9.7%
2020 (E)	144.6	184,742	371,662	6,886,834	-	-	-	-

Source: U.S. Bureau of the Census, 1970-2010

PER CAPITA PERSONAL INCOME AND MEDIAN AGE CHATTANOOGA MSA

Calendar Year	Per Capita Income	Median Age
2010	34,803	39.7
2011	36,245	39.3
2012	37,940	39.0
2013	37,921	40.0
2014	39,260	39.8
2015	42,158	36.6
2016	43,003	36.7
2017	44,528	38.2
2018	46,055	40.2
2019	47,376	40.3

Source: U.S. Bureau of Economic Analysis Web Site (www.bea.gov).
Median Age from Census.gov - American Fact Finder American Community Survey (1-Year Estimates)

HOUSING UNITS

2018 Housing Units

	Chattanooga		Hamilton County	
	Units	Percent	Units	Percent
Occupied Housing Units	76,021	89.4%	146,057	90.8%
Vacant Housing Units	9,038	10.6%	14,750	9.2%
Total Housing Units	85,059	100.0%	160,807	100.0%
Renter-Occupied Units	35,534	46.7%	52,216	35.8%
Owner Occupied Units	40,487	53.3%	93,841	64.2%
Total Occupied Units	76,021	100.0%	146,057	100.0%

Source: U.S. Bureau of the Census

BUILDING PERMITS ISSUED

Calendar Year	Valuation¹	Number
2011	\$ 85,584,057	983
2012	181,721,441	1,424
2013	117,864,947	1,149
2014	129,386,366	1,069
2015	176,545,665	1,193
2016	132,354,962	1,306
2017	150,689,611	1,444
2018	204,613,427	1,578
2019	222,219,942	1,378
2020	241,013,904	1,948

¹ Values are based on current industry average as published by the Southern Building Code Congress International.

Source: Hamilton County Building Inspection Year End Reports

EFFECTIVE BUYING INCOME

Year	<u>Hamilton County</u>			<u>Chattanooga MSA</u>		
	Net Dollars (000s)	Per Capita	Average Per Household	Net Dollars (000s)	Per Capita	Average Per Household
2010	6,994,695	20,471	50,221	10,465,612	19,912	49,156
2011	6,919,985	20,253	50,221	10,012,127	18,992	47,059
2012	7,561,060	21,855	53,668	10,010,215	18,669	46,685
2013	7,422,058	21,093	51,736	10,700,855	19,839	49,620
2014	8,441,101	23,845	58,519	10,797,802	19,840	49,534
2015	8,746,102	24,588	60,347	11,995,413	21,897	54,700
2016	8,826,234	24,604	60,249	12,459,490	22,671	56,610
2017	9,432,518	25,996	63,519	12,620,752	22,825	56,934
2018	9,656,120	26,322	64,327	13,448,984	24,135	60,066
2019	10,742,167	29,944	71,050	13,896,184	24,697	61,468
2020	11,414,043	30,630	74,737	15,864,675	27,774	69,055

Source: Claritas, Inc.

MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

	Calendar Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Hamilton County	\$45,211	\$47,034	\$46,364	\$49,044	\$53,897
Tennessee	41,940	42,348	45,579	46,712	49,886
United States	46,738	48,043	50,735	52,841	56,790

Source: Claritas, Inc.

COMPARATIVE STATISTICS RELATING TO THE DISTRIBUTION OF EFFECTIVE BUYING INCOME

	<u>Chattanooga MSA</u>	<u>Hamilton County</u>	<u>State of Tennessee</u>
Less than \$25,000	23.68%	20.11%	23.18%
\$25,000 - 34,999	12.22%	9.80%	11.09%
\$35,000 - 49,999	16.13%	13.99%	16.29%
\$50,000 - 74,999	19.18%	29.87%	19.59%
\$75,000 and over	28.79%	26.24%	29.85%

Source: Claritas, Inc., 2019

RETAIL SALES GROWTH (in \$000's)

<u>Year</u>	<u>Chattanooga</u>	<u>Hamilton County</u>	<u>Chattanooga MSA</u>
2010	3,866,497	4,924,775	6,710,426
2011	3,981,579	7,791,788	7,082,991
2012	4,038,879	5,268,754	7,791,788
2013	4,301,332	6,321,726	8,630,551
2014	4,942,094	6,321,683	8,675,969
2015	5,453,159	7,173,422	9,434,781
2016	5,297,362	6,811,164	8,980,106
2017	4,764,621	6,451,922	8,500,844
2018	5,815,049	7,700,889	10,082,128
2019	5,944,130	7,856,449	10,294,654
2020	6,429,782	8,571,085	11,011,706

Source: Claritas, Inc.

EMPLOYMENT AND UNEMPLOYMENT STATISTICS

The total civilian labor force for the MSA over the past ten years is set forth below:

Year	<u>MSA Civilian Labor Force (in 000's)</u>			<u>Civilian Labor Force % Unemployed</u>		
	Total	Employed	Unemployed	MSA	TN	U.S.
2011	261.8	240.2	21.6	8.2	9	8.9
2012	260.8	241.6	19.2	7.4	7.8	8.1
2013	256.5	237.5	19.0	7.4	7.8	7.4
2014	250.6	234.6	16.0	6.4	6.5	6.2
2015	253.6	239.8	13.8	5.5	5.6	5.3
2016	260.0	247.2	12.9	4.9	4.8	4.9
2017	265.8	255.4	10.5	3.9	3.8	4.4
2018	271.9	262.2	9.6	3.5	3.5	3.9
2019	277.3	268.1	9.2	3.3	3.4	3.7
2020 (P)	277.8 (P)	251.9 (P)	26.0 (P)	9.4 (P)	9.7 (P)	-

Note: Annual averages; not seasonally adjusted

(P) Preliminary - June 2020

Source: Bureau of Labor Statistics (www.bls.gov)

TOP 10 EMPLOYERS IN HAMILTON COUNTY AREA

<u>Employer</u>	<u>Number of Employees</u>	<u>Types of Services</u>
Erlanger Health System	5,580	Insurance/Medical
Blue Cross Blue Shield of Tennessee	5,498	Hospital
Hamilton County Department of Education	4,857	Elementary & Secondary Schools
Tennessee Valley Authority	3,402	Utility Electric Service
UnumProvident Corporation	2,798	Insurance/Medical
McKee Foods Corporation	2,800	Snack Food Manufacturer
Volkswagen Chattanooga	2,564	Manufacturing
Memorial Health Care System	2,474	Hospital
City of Chattanooga	2,348	Government
Hamilton County Government	1,842	Government

Source: Comprehensive Annual Financial Report of Hamilton County, Tennessee for year ended June 30, 2020

FINANCIAL ANALYSIS

ACCOUNTING SYSTEM

The County's financial records for General Governmental Funds and Agency Funds are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded as liabilities when incurred. The accrual basis of accounting is utilized for the Proprietary Funds and Pension Trust Funds. The revenues are recognized when earned, and expenses are recognized when incurred.

Tennessee State law requires an annual audit of the financial records and transactions of all County functions by independent certified public accountants selected with the approval of the County Mayor and County Commission. This requirement has been complied with and the financial statements have received an 'unmodified opinion' from the auditors. Such an opinion indicates that there was no limitation on the scope of the auditor's examination, and the financial statements were prepared in accordance with generally accepted accounting principles. The County has an office of internal audit, which provides support by reviewing and appraising existing accounting and management controls, and ascertaining compliance with existing plans, policies and procedures.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the 40th consecutive year that the County has received the award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

GFOA also presented a Distinguished Budget Presentation Award to the County for its Comprehensive Annual Budget Report (CABR) for the fiscal year beginning July 1, 2020. The County has received this award for nineteen consecutive years. In order to be awarded a Distinguished Budget Presentation Award a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Budget Report, which must conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements. Like the Certificate of Achievement for Financial Reporting, this award is valid for a period of one year only.

FISCAL YEAR

The fiscal year is from July 1 through June 30 of each year.

BUDGETARY PROCEDURES

The County administration annually prepares a plan of services of the upcoming fiscal year and the estimated cost of providing these services. The Hamilton County Board of Commissioners reviews this plan. During May and June, the Board of Commissioners hears budget requests from agencies and departments at public hearings, which allows for taxpayer comments. Prior to July 1, the Board of Commissioners legally enacts a balanced budget through passage of a resolution. The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP).

If during the course of the fiscal year, the estimated cost of providing these services should change, the County Mayor is authorized to transfer budgeted amounts within divisions of a fund. However, the Board of Commissioners must approve any revisions that alter the total expenditures of any fund or transfer funds between divisions.

Budget control is maintained by recording encumbrances as purchase orders are written. Financial reports, which compare actual performance with the budget, are available via the County accounting system to all division administrators and department heads as needed. Open encumbrances are reported as reservations of fund balance at fiscal year-end. All unencumbered and unexpended appropriations lapse at fiscal year-end.

ADOPTED GENERAL FUND BUDGET FOR FISCAL YEAR 2022

The County Commission adopted the fiscal year 2022 General Fund budget on June 16, 2021.

A summary of the General Fund fiscal year 2022 budget is as follows:

General Fund - Budget for Fiscal Year Ending June 30, 2022

	<u>Original Budget</u>
Revenue	
Taxes (Property & Business)	\$ 200,785,700
Licenses and Permits	1,480,000
Intergovernmental	35,670,163
Charges for Services	25,241,239
Fines, Forfeitures and Penalties	1,864,450
Investment Earnings	396,500
Miscellaneous	5,891,814
Transfers in from other Funds	12,843,200
Total Revenues	<u>284,173,066</u>
Expenditures	
General Government	53,864,208
Public Safety	112,601,465
Highways and Streets	20,823,157
Health	31,581,107
Social Services	1,674,964
Culture and Recreation	9,516,557
Capital Outlay	7,134,498
Transfers to Other Funds	46,977,110
Total Expenditures	<u>284,173,066</u>

Source: Hamilton County

CASH MANAGEMENT

The Hamilton County Board of Commissioners has adopted an investment policy that sets as its goal the maximizing of investment earnings, while at the same time protecting the security of the principal and maintaining liquidity to meet cash requirements. The policy sets forth the allowable types of investments as well as the individuals responsible for making those investments. The policy also calls for a quarterly report, which is provided to the County Mayor, the County Board of Commissioners, and the County Auditor.

The County strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure efficient and profitable use of the County's cash resources. In an effort to maximize investment earnings, the County has formed an internal investment pool, which allows all idle cash to be invested on a daily basis. Daily cash needs are supplied from funds held with the County's local bank and the State Local Government Investment Pool, while longer term cash reserves are held in government securities and agency bonds and certificates of deposit having maturities of up to two years.

SUMMARY OF GOVERNMENTAL OPERATIONS

GENERAL GOVERNMENT FUNCTIONS

The following schedules present a summary of General Fund, Special Revenue Funds, and Debt Service Fund revenues and expenditures (expressed in thousands) for the past five fiscal years ending June 30.

Revenues	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 (Unaudited)</u>
Local Taxes	160,838	185,713	190,524	195,653	204,604
Licenses & Permits	851	966	1,275	1,494	2,183
Intergovernmental	26,643	27,785	31,504	30,900	49,043
Charges for Services	35,663	43,329	41,638	42,477	43,647
Fines, Forfeitures & Penalties	1,980	1,930	1,806	1,446	1,883
Investment Earnings	720	1,401	2,488	2,130	517
Other Revenues	5,224	5,946	5,295	5,238	4,646
Total Revenues	<u>231,919</u>	<u>267,070</u>	<u>274,529</u>	<u>279,338</u>	<u>306,522</u>
Expenditures					
General Government	55,058	57,591	55,060	54,275	65,713
Public Safety	90,098	93,199	96,309	101,557	108,447
Health & Social	38,029	37,878	37,976	39,362	34,272
Highways	11,832	12,209	16,459	23,413	19,299
Debt Service	35,051	89,219	51,986	48,656	92,849
Capital Projects	3,382	3,001	4,008	4,593	7,317
Total Expenditures	<u>233,450</u>	<u>293,099</u>	<u>261,797</u>	<u>271,856</u>	<u>327,897</u>
Excess of Revenues Over/(Under)					
Expenditures	(1,531)	(26,029)	12,732	7,482	(21,375)
Other Financing Sources/(Uses):	3,959	41,059	(282)	650	46,305
Net Change in Fund Balance	2,428	15,030	12,450	8,132	24,930
Beginning Fund Balances	98,364	100,792	115,822	128,272	136,404
Ending Fund Balances	<u>\$ 100,792</u>	<u>\$ 115,822</u>	<u>\$ 128,272</u>	<u>\$ 136,404</u>	<u>\$ 161,334</u>

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for fiscal years ended 2017 – 2020 and Hamilton County Finance Department.

CHANGES IN GENERAL GOVERNMENTAL FUND BALANCES

A ten-year analysis of growth in fund balances, expressed in thousands, is shown below for fiscal years ending June 30 (in thousands of dollars).

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Debt Service Fund</u>
2012	104,431	5,363	387
2013	111,169	6,034	358
2014	112,106	3,893	923
2015	91,394	3,536	1,330
2016	92,395	4,119	1,849
2017	94,179	4,451	2,161
2018	100,335	5,232	10,256
2019	111,635	6,237	10,401
2020	121,072	4,931	10,401
2021 (Unaudited)	144,982	6,544	9,808

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for years ended 2012 – 2020 and Hamilton County Finance Department.

A five-year analysis of General Fund operations and changes in fund balances is shown below for fiscal years ending June 30 (in thousands of dollars).

<u>Years Ended June 30</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 (Unaudited)</u>
Revenues	\$ 200,047	\$ 233,097	\$ 239,800	\$ 246,682	\$ 274,345
Expenditures	<u>179,558</u>	<u>184,687</u>	<u>189,655</u>	<u>204,296</u>	<u>220,420</u>
Excess of Revenues over Expenditures	20,489	48,410	50,145	42,386	53,925
Other Financing Sources/(Uses):					
Transfers In	15,397	12,943	12,307	13,887	15,264
Transfers Out	(34,217)	(55,316)	(51,272)	(48,437)	(45,756)
Sale of Capital Assets	<u>115</u>	<u>118</u>	<u>119</u>	<u>1,603</u>	<u>477</u>
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	1,784	6,155	11,299	9,439	23,910
Beginning Fund Balance	92,395	94,179	100,334	111,633	121,072
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 94,179</u>	<u>\$ 100,334</u>	<u>\$ 111,633</u>	<u>\$ 121,072</u>	<u>\$ 144,982</u>

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for fiscal years ended 2017 – 2020 and Hamilton County Finance Department.

REVENUES

The County derives its revenues from a direct tax levy on real and personal property, sales taxes, earned income, fees and State of Tennessee (the 'State') and Federal grants and payments. Taxes on real and personal property have typically accounted for approximately 65% of all revenues available to the General Fund. A description of each major revenue category follows:

- Taxes - This includes ad valorem property taxes, the levy of which is without legal limit. For a further discussion of this tax, see 'Property Taxes' herein. A local option sales tax is collected at the rate of 2.25 percent on all sales of tangible personal property and certain services, except for sales of certain energy sources and other limited exemptions. This local option sales tax is levied, in accordance with State law, only on the first \$1,600 of a transaction. For a further discussion of this tax, see 'Local Option Sales Tax' herein.
- Intergovernmental – These revenues are from payments to the County by other governmental agencies (Federal, State or other governmental units or agencies).
- Charges for Services - These are fees and charges for activities and services provided by agencies of the County.
- Fines, Forfeitures and Penalties - These include fines, forfeitures and penalties which are obligations imposed by the courts, law enforcement and agencies charged with the care of prisoners.
- Investment Earnings - Includes interest on investments.
- Miscellaneous - Includes commissions and fees collected by certain officials for certain activities of the County; contributions from individuals and citizens groups; proceeds from confiscation of property; compensation for loss, sale or damage to property; and miscellaneous.

PROPERTY TAX

The County is authorized to levy a tax on all property within Hamilton County without limitation as to rate or amount. All real and personal property within the County is assessed in accordance with the State constitutional and statutory provisions by the County Assessor, except most public utility property, which is assessed by the Tennessee Office of State Assessed Properties. All property taxes are due on October 1 of each year based upon appraisals as of January 1 of the same calendar year. All property taxes are delinquent on March 1 of the subsequent calendar year. Delinquent taxes begin accumulating interest and penalties on that date. Additional costs are incurred and attached to real estate after delinquent tax lawsuits are filed in Chancery Court by the County one year after taxes are delinquent.

State law mandates that all property in the State will be reappraised on a continuous six (6) year or four (4) year cycle, as determined by the assessor with the approval of the local governing body, the director of the State Division of Property Assessments and the State Board of Equalization. The reappraisal process is composed of an on-sight review of each parcel of property over a five (5) year period or a three (3) year period, respectively, followed by re-evaluation of all such property in the year following completion of the review. In the second and fourth years of the review in a six-year cycle, there shall be an updating of all real property values by application of an index or indexes established for the jurisdiction by the State Board of Equalization, so as to maintain real property values at full value as defined by State law. During the review cycle between re-evaluations in a four-year cycle, new improvements discovered by on-site review or otherwise shall be valued on the same basis as similar improvements were valued during the last re-evaluation or otherwise as necessary to achieve equalization of such values. The State Board of Equalization shall also consider a plan submitted by a local assessor, which would have the effect of maintaining real property values at full value, which may be used in lieu of indexing. Hamilton County has chosen to conduct reappraisals on a four-year cycle.

At such time as the reappraisal and reassessment processes are completed in a particular county, the respective governing bodies of the county and the municipalities located in the county shall determine and certify a tax rate which will provide the same ad valorem tax revenue as was levied prior to reappraisal and reassessment. In computing the new tax rate, the estimated assessed value of all new construction and improvements placed on the tax rolls since the previous year and the assessed value of all deletions from the previous tax roll are excluded. The new tax rate therefore, is derived from a comparison of tax revenues, tax rates and assessed values of property on the tax roll in both the year before and the year after the reappraisal. The effect of the reappraisal and reassessment statutes is to adjust the property tax rate to prevent a taxing unit from collecting additional property tax revenues as a result of reappraisal. Once a municipality or county complies with State law and certifies a tax rate which provides the same property tax revenue as was collected for reappraisal, its governing body may vote to approve a tax rate change which would produce more or less tax revenue.

The County Assessor assesses property values. Property is assessed at varying percentages of actual value as follows: Residential and Farms, 25 percent; Commercial and Industrial, 40 percent; Utilities, 55 percent; Personal Property, 30 percent.

The current property tax rate for fiscal year ending June 30, 2022 is \$2.2373.

PRINCIPAL TAXPAYERS

The following are the ten largest taxpayers in the County for fiscal year 2020.

<u>Taxpayer</u>	<u>2020 Taxable Assessed Value</u>	<u>% of Total Assessed Valuation</u>
Volkswagen Chattanooga	\$ 454,297,037	4.35%
Electric Power Board	439,597,989	4.21%
Tennessee Valley Authority	178,475,421	1.71%
CBL Properties	103,939,662	0.99%
Blue Cross Blue Shield of Tennessee	102,038,748	0.98%
McKee Foods Corporation	69,494,535	0.67%
Tennessee-American Water Co.	63,623,198	0.61%
Gestamp Chattanooga	49,979,203	0.48%
UnumProvident Corporation	42,834,746	0.41%
Vision Hospitality	41,329,480	0.40%
	<u>\$ 1,545,610,019</u>	<u>14.81%</u>

Source: Comprehensive Annual Financial Report of Hamilton County, Tennessee for fiscal year 2020.

The following page describes the assessed and estimated actual value of taxable property within the County for the last ten fiscal years and the property tax levies and collections for the last ten fiscal years.

Property Taxes: Assessed and actual values and tax levies and collections by fiscal year

Property Values	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Actual Values:(in Millions)</i>										
Real Property	25,734	25,834	26,003	26,261	26,597	27,059	27,548	30,771	31,388	32,267
Personal Property	2,001	2,008	2,124	2,096	2,120	2,109	2,206	2,368	2,425	2,694
Public Utilities	553	573	589	577	605	601	600	710	734	566
	28,288	28,415	28,716	28,934	29,322	29,769	30,354	33,849	34,547	35,526
<i>Assessed Values:(in Millions)</i>										
Real Property	7,473	7,489	7,532	7,638	7,732	7,874	8,025	9,046	9,226	9,451
Personal Property	600	602	634	629	636	633	662	710	727	808
Public Utilities	304	315	324	317	332	331	330	330	333	311
	8,377	8,406	8,490	8,584	8,700	8,838	9,017	10,087	10,286	10,570
Property Tax Rates										
Hamilton County	2.7652	2.7652	2.7652	2.7652	2.7700	2.7652	2.7652	2.7652	2.7652	2.7652
City of Chattanooga	2.3100	2.3100	2.3100	2.3100	2.3100	2.3090	2.3090	2.2770	2.2770	2.2770
Levy and Collections (in Thousands)										
Tax Levy	223,246	223,737	225,823	228,590	231,398	235,238	240,208	269,793	275,239	281,352
Current Collections	210,216	211,688	213,711	217,615	221,090	224,831	231,560	260,026	264,580	270,719
Percent of Levy	94.2%	94.6%	94.6%	95.2%	95.5%	95.6%	96.4%	96.4%	96.1%	96.2%
Delinquent Collections	11,620	10,484	10,779	8,724	6,874	9,698	6,895	6,079	6,223	-
Total Collections	221,836	222,171	224,490	226,339	227,964	234,529	238,455	266,105	270,803	270,719
Percent of Levy	99.4%	99.3%	99.4%	99.0%	98.5%	99.7%	99.3%	98.6%	98.4%	96.2%
Delinquent Taxes by Levy	3,030	1,566	1,333	2,251	3,434	709	1,753	3,688	4,436	10,633

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for fiscal years ended 2011 – 2020.

HOTEL-MOTEL OCCUPANCY PRIVILEGE TAX

Hamilton County receives funds generated by the implementation of a 4% Hotel-Motel Occupancy Privilege Tax. In fiscal year 2007, the County legislative body directed that all proceeds from the hotel-motel occupancy privilege tax, net of the County Trustee's commission, would be remitted to the Chattanooga Area Convention and Visitors Bureau to be used for tourist development and promotion of the Hamilton County area.

LOCAL OPTION SALES TAX

In addition to the property tax, another principal revenue source for the County is the Local Option Sales Tax. In accordance with the 1963 Local Option Revenue Act (the "Act") Title 67, Chapter 6, Part 7 of the Tennessee Code Annotated, the City of Chattanooga and the County, and many other area municipalities adopted a Local Option Sales Tax.

Pursuant to the Act, the levy of the sales tax by a county precludes any city within that county from levying a sales tax, but a city may levy a sales tax in addition to the county sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum allowable local sales tax rate which is currently 2.75 percent.

Hamilton County levies a countywide 2.25 percent Local Option Sales Tax which was adopted by referendum by the citizens of Hamilton County. The revenues from the countywide sales tax are distributed pursuant to the provisions of the Act and other provisions of the Tennessee Code Annotated. Fifty percent (50%) of the revenues raised through the countywide sales tax are directed to education. The remaining portion is distributed to the County and the municipalities based upon SITUS.

PENSION PLANS

Hamilton County provides retirement benefits to its employees through seven different pension plans.

Tennessee Consolidated Retirement System (TCRS) – The vast majority of employees of Hamilton County participate in one of four retirements plans administered through TCRS. The plans administered through TCRS are agent, multiple-employer plans that provide defined benefits based upon various factors, including years of service and annual compensation. The four TCRS plans are:

- Hamilton County Legacy Plan – this is a defined benefit pension plan that covers employees of Hamilton County, other than teachers, hired after July 1, 1977 and before October 1, 2015. This plan closed to new membership September 30, 2015 but will continue to provide benefits to existing members and retirees.
- Hamilton County Hybrid Plan – beginning October 1, 2015, all newly hired County employees, except teachers, can participate in this plan, which is a combination of a defined benefit plan and a defined contribution plan.
- Teacher Legacy Pension Plan – this plan is a cost sharing multiple-employer defined benefit pension plan that is available to teachers employed by the Hamilton County Schools who were hired prior to July 1, 2014. This plan closed to new membership June 30, 2014 but will continue to provide benefits to existing members and retirees.
- Teacher Retirement Pension Plan - this plan is a cost sharing multiple-employer defined benefit pension plan that is available to teachers employed by the Hamilton County Schools who were hired after June 30, 2014.

Employees' Pension Plan - The Employees' Pension Plan is a closed, single-employer defined benefit pension plan for County employees, other than teachers, who elected to continue in this plan when it closed to new enrollment in 1977. There were 7 retirees and beneficiaries receiving benefits from this plan at June 30, 2021.

Commissioners' Pension Plan - The County Commissioners' Pension Plan is a single-employer defined benefit plan limited to County Commissioners. The plan was established on July 1, 1981 under the Private Acts of Tennessee. Participation in the plan is voluntary.

Teachers' Pension Plan. The Teachers' Pension Plan is a closed, single-employer defined benefit pension plan for certain teachers who were eligible to participate in the Teachers' Plan prior to July 1, 1945. There was 1 retiree receiving benefits from this plan at June 30, 2021.

Further information about TCRS and the above-mentioned pension plans is contained in Note J, Notes to Financial Statements, Hamilton County, Tennessee, Basic Financial Statements for the period ended June 30, 2020, included as Appendix A to this Official Statement.

LABOR RELATIONS

All employees of the County participate in the Federal Insurance Compensation Act (FICA). As of June 30, 2021, the County employed 1,894 full-time employees. The County has a merit system and is not a party to any collective bargaining agreements. The County has not experienced a work stoppage due to labor relation disputes and considers its relationship with employees to be satisfactory.

RISK MANAGEMENT

The Hamilton County Risk Management Department administers the County's self-funded insurance program (on-the-job injuries, auto liability and general liability) and commercial insurance program (property and boiler/machinery and other related policies), which strives to protect the assets of Hamilton County. Risk Management is responsible for administering the claims associated with the self-funded program and does so utilizing a third-party claims administrator. The County Safety Program is an integral part of this process and consists of an Executive Safety Committee and departmental safety committees, bolstered by regular staff training on a variety of topics as well as facility inspections.

Risk Management also provides consultations on a variety of topics related to the various risks that divisions/departments face in their daily service delivery. To further minimize the County's exposure, an insurance recommendations and requirements manual is utilized for the various contracts and agreements into which the County enters. Through the utilization of external resources, Risk Management also maintains an accurate and up-to-date property schedule for insurance purposes and obtains an annual actuarial review and evaluation to ensure adequate funding is maintained for the self-funded program.

APPENDIX A
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

Financial Statements for the County can be found here:

https://www.hamiltontn.gov/Department_Accounting.aspx

APPENDIX B
FORM OF OPINION
OF BOND COUNSEL

December __, 2021

Hamilton County, Tennessee
Chattanooga, Tennessee

\$ _____
Hamilton County, Tennessee
General Obligation Bonds,
Series 2021

To the Addressee:

We have acted as Bond Counsel in connection with the issuance and sale by Hamilton County, Tennessee (the "County") of \$ _____ in aggregate principal amount of its General Obligation Bonds, Series 2021 dated December __, 2021 (the "Bonds").

The Bonds are being issued under the laws of the State of Tennessee and pursuant to resolutions of the Board of Commissioners of the County adopted on October 6, 2021 and November 17, 2021, respectively, and a Certificate of County Mayor dated November __, 2021 (collectively, the "Resolution"). The proceeds of the Bonds are to be used for the purpose of (1) funding the costs of designing, acquiring, constructing and equipping certain school projects and various other governmental capital projects of the County and (2) paying the costs of issuing the Bonds.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. Terms not otherwise defined herein have the meaning set forth in the Resolution.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated November __, 2021 relating to the Bonds or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are the valid and binding obligations of the County. The Bonds have been legally and validly authorized and issued in accordance with the applicable laws of the State of Tennessee. Both principal and interest are payable from the levy of a direct annual ad valorem tax, without limitation as to rate or amount, upon all taxable property, including real property, within the County subject to taxation.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specified preference item for purposes of the federal

alternative minimum tax. The opinions set forth in the first sentence of this paragraph are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

3. Under existing laws, the Bonds and the income therefrom are exempt from all state, county and municipal taxation in the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent that interest on the Bonds is included within the measure of certain excise taxes and franchise taxes imposed under Tennessee law.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The rights of the owners of the Bonds and the enforceability thereof are subject, in part, to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors' rights generally, now or hereafter in effect. The rights of the owners of the Bonds and the enforcement thereof are also subject to general equity principles which may limit the specific enforcement of certain remedies, but which do not affect the validity of the Bonds.

In rendering this opinion, we have relied, with his permission and yours, on the opinion of Rheubin M. Taylor, Esq., counsel to the County, dated the date hereof related to the Bonds with respect to the matters contained therein. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters so stated. We expressly disclaim any duty to update this opinion in the future for any changes of fact or law which may affect any of the opinions expressed herein.

Very truly yours,

KUTAK ROCK LLP

APPENDIX C
CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

(a) This Section is included as Section 12 of the Resolution adopted by the Board of Commissioners of the County on November 17, 2021 and constitutes the written undertaking of the County for the benefit of the registered owners or beneficial owners of the Bonds (the “Bondholders”) required in order to allow the purchaser of the Bonds to comply with the Rule.

(b) For purposes of this Section, the following definitions will apply:

(1) “**Annual Financial Information**” means the financial information and operating data with respect to the County of the type set forth in Part II of the Official Statement under the captions “SUMMARY OF GENERAL FUND BALANCES” and “SUMMARY OF GOVERNMENTAL OPERATIONS” delivered at least annually to MSRB pursuant to clause (c) hereof, including Audited Financial Statements, or if Audited Financial Statements are not available, unaudited financial statements of the County prepared in accordance with Generally Accepted Accounting Principles.

(2) “**Audited Financial Statements**” means the County’s annual financial statements, prepared in accordance with Generally Accepted Accounting Principles and audited by a firm of certified public accountants.

(3) “**MSRB**” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. See <http://www.emma.msrb.org/>.

(4) “**Official Statement**” means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(c) Commencing with the fiscal year ended June 30, 2021, the County agrees to provide or cause to be provided the Annual Financial Information to MSRB. Such Annual Financial Information and Audited Financial Statements for each Fiscal Year shall be provided to the MSRB within nine months following the end of the County’s Fiscal Year. If Audited Financial Statements are not available on such due date, the County will provide unaudited financial statements on such date and provide Audited Financial Statements as soon as practicable thereafter.

(d) The County may provide or cause to be provided Annual Financial Information and Audited Financial Information by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(e) The County will provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, if any, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;

- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) Consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business or the entry into a definitive agreement to undertake such an action, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation* of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

*For purposes of the events listed under (15) and (16) above in this subsection (e), the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); provided that such term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(f) The County will provide or cause to be provided, in a timely manner to the MSRB, notice of any failure of the County to timely provide the Annual Financial Information as specified in clause (c) above.

(g) The obligation of the County under Section 12 of the Resolution is for the benefit of the Bondholders. Unless otherwise required by law, no Bondholder will be entitled to damages resulting from the County’s noncompliance with its undertaking set forth in Section 12 of the Resolution; however, Bondholders may take action to require performance of such obligation by any judicial proceeding available. Breach of the undertakings of the County under Section 12 of the Resolution hereunder will not constitute an event of default under Section 12 of the Resolution and any rights and remedies provided therein in the event of default are not applicable to a breach of the obligation of the County thereunder.

(h) The undertaking contained in Section 12 of the Resolution will be in effect from and after the issuance and delivery of the Bonds, and will extend to the earlier of (i) the date all principal and interest on the Bonds have been deemed paid pursuant to the terms of the Resolution, (ii) the date that the County no longer constitutes an “obligated person” within the meaning of the Rule; or (iii) the date on which those portions of the Rule which required this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

(i) The requirements of Section 12 of the Resolution may be amended from time to time by the County without the consent of the Bondholders, if such amendment would not, in and of itself, cause the undertaking herein (or action of the purchaser in reliance on the undertakings herein) to violate the Rule, as amended or officially interpreted from time to time by the SEC. The County will provide notice of such amendment to the MSRB with its Annual Financial Information.

(j) All documents, reports, notices, statements, information and other materials provided to the MSRB under Section 12 of the Resolution will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB. See <http://www.emma.msrb.org/>.

APPENDIX D
BOOK-ENTRY-ONLY SYSTEM

Book-Entry-Only System

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of interest and principal on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined in this Official Statement) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the County for inclusion in this Official Statement. Accordingly, the County cannot make any representations concerning these matters.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.
2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be

governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.