

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: S&P: AAA
Fitch: AA+
(See "RATINGS" herein)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Under existing law and subject to certain exceptions, the Bonds and the income therefrom will be exempt from state, county and municipal taxation in the State of Tennessee. For an explanation of certain tax consequences which may result from the ownership of the Bonds, see "TAX MATTERS" herein.

CITY OF CHATTANOOGA, TENNESSEE

\$35,700,000* GENERAL OBLIGATION BONDS, SERIES 2026

Dated: Date of Delivery

Due: As shown on the inside front cover

The Bonds

Interest on the General Obligation Bonds, Series 2026 (the "Bonds") of the City of Chattanooga, Tennessee (the "City"), is payable on June 1, 2026, and each June 1 and December 1 thereafter.

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

The Bonds are subject to redemption as provided herein. See "THE BONDS – Redemption" on page I-2.

**Book-Entry Only
System**

The Depository Trust Company. See Appendix D.

Security

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. See "THE BONDS – Security for the Bonds" on page I-4.

Tax Matters

See "TAX MATTERS" on page I-14.

Bond Counsel

Bass, Berry & Sims PLC, Knoxville, Tennessee.

Delivery Date

It is expected that the Bonds will be available for delivery in New York, New York, through the facilities of The Depository Trust Company on or about _____, 2026.

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

The Bonds are offered, subject to prior sale, when, as and if issued and received by the Underwriters and subject to certain conditions, including the issuance of the approving opinion of Bass, Berry & Sims PLC, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Phillip A. Noblett, Esq., City Attorney, and by Bass, Berry & Sims PLC, as Disclosure Counsel to the City. PFM Financial Advisors LLC is serving as Municipal Advisor to the City.

_____, 2026

* Preliminary, subject to change.

CITY OF CHATTANOOGA, TENNESSEE

\$35,700,000* GENERAL OBLIGATION BONDS, SERIES 2026

<u>Due Dec. 1</u> [*]	<u>Amount</u> [*]	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
2026	\$2,380,000			
2027	2,380,000			
2028	2,380,000			
2029	2,380,000			
2030	2,380,000			
2031	2,380,000			
2032	2,380,000			
2033	2,380,000			
2034	2,380,000			
2035	2,380,000			
2036	2,380,000			
2037	2,380,000			
2038	2,380,000			
2039	2,380,000			
2040	2,380,000			

* Preliminary, subject to change.

† Copyright, American Bankers Association (the “ABA”). Initial CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of purchasers of the Bonds only at the time of issuance of the Bonds and the City makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is 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 maturity 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 certain maturities of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement"), by the City of Chattanooga, Tennessee (the "City"), from time to time, may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the City as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make any representation in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriters. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information contained herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances, create any implication that there has been no change in the affairs of the City, or its agencies and authorities, since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE AUTHORIZING RESOLUTION (AS DEFINED HEREIN) HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

In connection with the offering of the Bonds, the Underwriters may over-allot or otherwise effect transactions that 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.

Copies of the Authorizing Resolution and any other documents described herein or in the Authorizing Resolution will be available for inspection at the office of the City Finance Officer, City Hall, 101 East 11th Street, Suite 101, Chattanooga, Tennessee 37402.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers will remain the same after the date of issuance and delivery of the Bonds.

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PART II

Supplemental Information Statement

See separate table of contents at Part II.

CITY OF CHATTANOOGA, TENNESSEE



CITY OFFICIALS

Tim Kelly, Mayor

CITY COUNCIL MEMBERS

Jenny Hill, Chair

Marvene Noel, Vice Chair

Jeff Davis

Chip Henderson

Dennis Clark

Cody Harvey

Raquetta Dotley

Jenni Berz

Ron Elliott

Clerk of the Council - Nicole Gwyn

ADMINISTRATION

Chief of StaffKevin Roig

Deputy Chief of Staff.....Darrin Ledford

City Finance Officer Weston Porter, CPA

Deputy Administrator, Finance (Interim) Brian Smart, CPA

City Treasurer Jarrod Brock, CMFO

Assistant City TreasurerRoberta Long, CMFO

City AttorneyPhillip A. Noblett, Esq.

BOND COUNSEL and DISCLOSURE COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Memphis, Tennessee

OFFICIAL STATEMENT
CITY OF CHATTANOOGA, TENNESSEE
\$35,700,000* GENERAL OBLIGATION BONDS, SERIES 2026

This Official Statement presents certain information relating to the City of Chattanooga, Tennessee (the “City”), and the City's \$35,700,000* General Obligation Bonds, Series 2026 (the “Bonds”). This Official Statement, including the Appendices hereto, contains brief descriptions of, among other things, the Bonds, the Authorizing Resolution (as herein defined) and the City. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement, including the Appendices hereto, to documents are qualified in their entirety by reference to such documents, including the form of the Bonds contained in the Authorizing Resolution.

THE BONDS

AUTHORITY FOR AND PURPOSE OF THE BONDS

The Bonds are being issued pursuant to the Local Government Public Obligations Act of 1986, as amended, codified as Title 9, Chapter 21, Tennessee Code Annotated, as amended (the “Act”), and other applicable provisions of law, and that certain resolution of the City Council adopted on November 18, 2025, authorizing the issuance of the Bonds (the “Authorizing Resolution”).

The Bonds are being issued for the purpose of financing, in whole or in part, the (i) constructing, improving, repairing, renovating and equipping of public buildings, city hall, fire department buildings, parks and recreation facilities and solid waste facilities; (ii) the acquisition of equipment, including vehicles, for City purposes; (iii) constructing and improving roads, streets, bridges, sidewalks, culverts, plazas and highways; (iv) payment of legal, fiscal, administrative, architectural and engineering costs incident to all of the foregoing (collectively, the “Projects”); (v) reimbursement to the City for funds previously expended for the Projects; and (vi) payment of costs incident to the issuance and sale of the Bonds.

DESCRIPTION

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be dated as of their date of delivery. Interest on the Bonds is payable on June 1, 2026, and each June 1 and December 1 thereafter (herein an “Interest Payment Date”). Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. The Bonds mature on December 1 of each year in the amounts and shall bear interest at the rates as set forth on the inside cover page hereof.

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. U.S. Bank Trust Company, National Association, Nashville, Tennessee (the “Registrar and Paying Agent”), will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registrar and Paying Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the City in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registrar and Paying Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the

* Preliminary, subject to change.

continental United States or deposited to a designated account if such account is maintained with the Registrar and Paying Agent and written notice of any such election and designated account is given to the Registrar and Paying Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any Interest Payment Date (hereinafter “Defaulted Interest”) shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the City to the persons in whose names the Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which shall be fixed in the following manner: The City shall notify the Registrar and Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the City shall deposit with the Registrar and Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registrar and Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registrar and Paying Agent of the notice of the proposed payment, the Registrar and Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registrar and Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registrar and Paying Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the City to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due. See “THE BONDS – Book-Entry System” below.

REDEMPTION

Optional Redemption. The Bonds maturing through December 1, 2035, shall mature without option of prior redemption. The Bonds maturing December 1, 2036, and thereafter shall be subject to redemption prior to maturity at the option of the City on December 1, 2035, and thereafter as a whole or in part at any time at the redemption price of par, plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the City Council of the City in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interest within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor depository, the Bonds to be redeemed shall be determined by DTC, or such successor depository, by lot or such other manner as DTC, or such successor depository, shall determine; or
- (ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor depository, the Bonds within the maturity to be redeemed shall be selected by the Registrar and Paying Agent by lot or such other random manner as the Registrar and Paying Agent in its discretion shall determine.

Mandatory Redemption. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing December 1, 20__ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, or such person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Direct Participant (as defined in Appendix D) in the Bonds to be redeemed using its procedures generally in use at that time. If DTC or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be

redeemed within a maturity shall be selected by the Registrar and Paying Agent by lot or such other random manner as the Registrar and Paying Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final</u> <u>Maturity</u>	<u>Redemption</u> <u>Date</u>	<u>Principal Amount of</u> <u>Bonds</u> <u>Redeemed</u>
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*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City may (i) deliver to the Registrar and Paying Agent for cancellation Bonds maturing December 1, 20__ to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registrar and Paying Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond maturing December 1, 20__ so delivered or previously purchased or redeemed shall be credited by the Registrar and Paying Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced.

Notice of Redemption. Notice of call for redemption, whether optional or mandatory, shall be given by the Registrar and Paying Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail or certified mail, postage prepaid, at the addresses shown on the Bond registration records of the Registrar and Paying Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registrar and Paying Agent no later than the redemption date (“Conditional Redemption”). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registrar and Paying Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registrar and Paying Agent shall be responsible for mailing notices of redemption to Participants (as defined in Appendix D), or beneficial owners. Failure of DTC, or any successor Depository, to provide notice to any Participant or beneficial owner will not affect the validity of such redemption. The Registrar and Paying Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, if applicable), notices of which shall be given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registrar and Paying Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registrar and Paying Agent for the payment thereof and if notice has been duly provided. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registrar and Paying Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

SECURITY FOR THE BONDS

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the boundaries of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The City, through the City Council, shall annually levy and collect a tax upon all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the City and reimbursement therefor may be made out of such taxes when the same shall have been collected.

Any holder or holders of the Bonds shall have the right, in addition to all other rights: (a) by mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce his, her or their rights against the City and the City Council and any officer, agent or employee of the City, including, but not limited to, the right to require the City, the City Council and any proper officer, agent or employee of the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes and to require the City, the City Council and any officer, agent or employee of the City, to carry out any other covenants and agreements and to perform its and their duties under the provisions of the Act; and (b) 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 or holders of the Bonds.

REGISTRAR AND PAYING AGENT

The Registrar and Paying Agent is authorized and directed, among other things, to maintain Bond registration records with respect to the Bonds and to authenticate and deliver the Bonds as provided in the Authorizing Resolution, either at original issuance, upon transfer, or as otherwise directed by the City.

BOOK-ENTRY SYSTEM

As provided herein, DTC will act as securities depository for the Bonds. One fully registered Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds and will be deposited with DTC. A description of DTC and its operations is provided in Appendix D.

PLAN OF FINANCE

As provided above, the Bonds are being issued for the purpose of financing, in whole or in part, (i) the Projects; (ii) reimbursement to the City for funds previously expended for the Projects; and (iii) payment of costs incident to the issuance and sale of the Bonds. See "SOURCES AND USES OF FUNDS" below.

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SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Par Amount	\$
[Premium][Discount]	
Total Sources	\$

Uses of Funds

Project Fund	\$
Underwriter's Discount	
Cost of Issuance ⁽¹⁾	
Total Uses	\$

- (1) Includes bond counsel fees, disclosure counsel fees, municipal advisor fees, rating agencies fees, printing and mailing expenses, other miscellaneous expenses and rounding.

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STATEMENT OF DEBT

(As of June 30, 2025)

DEBT LIMIT AND CALCULATION OF NET DEBT CONTRACTING MARGIN

The following table sets forth the computation of the City's debt limit, as described in Section 6.107 of the Corporate Charter of the City of Chattanooga, and its unused debt margin as of June 30, 2025.

Assessed Valuation of Taxable Property		<u>\$ 8,116,793,919</u>
Debt Limit (10% of Assessed Valuation)		<u>\$ 811,679,392</u>
Gross Indebtedness:		
General Obligation Bonds ⁽¹⁾	\$ 128,335,000	
Lease Rental Revenue Bonds ⁽²⁾	23,539,000	
Other Capital Leases and Notes Payable ⁽³⁾	<u>186,662,671</u>	\$ 338,536,671
Less: Self Supporting indebtedness		
Wastewater System ⁽²⁾	180,289,619	
Solid Waste/Sanitation Fund ⁽²⁾	872,049	
Stormwater Fund ⁽²⁾	7,066,720	
Chatt Downtown Redevelop Corp ⁽²⁾	23,539,000	
Hotel/Motel Tax Revenue Pledge ⁽²⁾	<u>19,756,007</u>	
Total Self Supporting Indebtedness	231,523,395	
Less: Debt Service Fund Balance	<u>3,687,491</u>	<u>235,210,886</u>
Net direct indebtedness		<u>103,325,785</u>
Net legal debt margin		<u><u>\$ 708,353,607</u></u>
Percentage of direct legal debt exhausted		<u>12.73%</u>

Source: City of Chattanooga

Notes related to the Statement of Debt are on the following page.

Notes:

- (1) Gross Indebtedness excludes all revenue debt, as summarized below. Also excluded are \$344,060,000 of Electric System Revenue Bonds issued by the Electric Power Board of the City of Chattanooga (“EPB”) (a separately managed enterprise fund of the City) and \$15,827,745 of Airport Revenue Bonds issued by the Chattanooga Metropolitan Airport Authority (the “Airport Authority”) (a component unit of the City). Gross Indebtedness also excludes any indebtedness associated with the Sports Authority Bonds (as hereinafter defined). See “CONTINGENT DEBT OBLIGATIONS” herein. None of the above issues constitute a charge against the general credit or taxing power of the City or of the county in which the City is located.
- (2) The chart below details self-supporting indebtedness that is supported by dedicated revenues generated by various operations of the City.

Self-supported detail

Wastewater System:

Wastewater (Sewer & Sewage) Facilities Bonds	\$ 237,081	
TN State Revolving Fund (SRF) Loan	<u>180,052,538</u>	\$ 180,289,619

Solid Waste Fund:

Municipal Public Improvement Bonds	872,049.00
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Stormwater Fund:

Municipal Public Improvement Bonds	7,066,720
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Hotel / Motel Tax Revenue Pledge:

General Obligation Bonds	19,756,007
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Chatt Downtown Redevelop Corp :

Lease rental Revenue Bonds secured by lease rental payments by the City from a dedicated local options sales tax. See note (3) below.	<u>23,539,000</u>
	<u><u>\$ 231,523,395</u></u>

- (3) The Chattanooga Downtown Redevelopment Corporation lease payments are funded by the City’s share of the 0.5% increase in the city-wide sales tax passed by county-wide referendum, state incremental sales tax generated in the Tourist Development Zone and interest income from a debt reserve fund included in the bond issue. In the event these sources are insufficient, the City has agreed to appropriate sufficient moneys to make the lease payments.

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DEBT RATIOS

The following table sets forth certain ratios relating to the City's general obligation indebtedness as of June 30, 2025.

	<u>Amount of Indebtedness</u>	<u>Per Capita ⁽¹⁾</u>	<u>Percentage of Assessed Valuation ⁽²⁾</u>	<u>Percentage of Full Valuation ⁽³⁾</u>
Gross Direct Indebtedness ⁽⁵⁾	\$ 338,536,670	\$ 1,768	4.21%	1.27%
Net Direct Indebtedness ⁽⁵⁾	\$ 103,325,784	\$ 540	1.29%	0.39%
Net Direct and Gross Overlapping Indebtedness ⁽⁴⁾	\$ 441,862,454	\$ 2,307	5.50%	1.65%
Net Direct and Net Overlapping Indebtedness ⁽⁴⁾	\$ 374,671,089	\$ 1,957	4.66%	1.40%

Notes:

⁽¹⁾ The City's population in 2025 was estimated at 191,496.

⁽²⁾ The City's preliminary assessed valuation of taxable property as of June 30, 2025 was \$8,032,884,545.

⁽³⁾ The City's estimated full valuation of taxable property as of June 30, 2025 was \$26,722,870,994.

⁽⁴⁾ The County's net overlapping indebtedness is \$412,304,720. The City's share is \$271,345,305 (65.8118%).

⁽⁵⁾ Direct and overlapping includes \$19,756,007 of self-supporting governmental debt and \$211,767,388 of self-supporting enterprise debt.

Source: City of Chattanooga

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DEBT REQUIREMENTS SCHEDULE

As of June 30, 2025 (\$000s)

Fiscal Year	Existing Debt Service ⁽¹⁾			% Principal Retired	Series 2026 Bonds			Total Debt Service			% Principal Retired
	Principal	Interest	Total		Principal	Interest	Total	Principal	Interest	Total	
2026	\$39,080	\$9,264	\$48,344					\$39,080	\$9,264	\$48,344	
2027	36,839	7,826	44,665					36,839	7,826	44,665	
2028	34,091	6,591	40,682					34,091	6,591	40,682	
2029	31,770	5,509	37,279					31,770	5,509	37,279	
2030	23,894	4,519	28,413	49.9%				23,894	4,519	28,413	49.9%
2031	24,041	3,741	27,782					24,041	3,741	27,782	
2032	16,848	3,082	19,930					16,848	3,082	19,930	
2033	15,566	2,707	18,273					15,566	2,707	18,273	
2034	15,741	2,361	18,102					15,741	2,361	18,102	
2035	14,337	2,012	16,349	76.0%				14,337	2,012	16,349	76.0%
2036	14,519	1,721	16,240					14,519	1,721	16,240	
2037	14,699	1,428	16,127					14,699	1,428	16,127	
2038	10,722	1,153	11,875					10,722	1,153	11,875	
2039	8,343	954	9,297					8,343	954	9,297	
2040	8,429	763	9,192	93.1%				8,429	763	9,192	93.1%
2041	8,368	570	8,938					8,368	570	8,938	
2042	6,624	387	7,011					6,624	387	7,011	
2041	3,364	220	3,584					3,364	220	3,584	
2042	3,371	94	3,465					3,371	94	3,465	
2043	1,281	21	1,302	100.0%				1,281	21	1,302	100.0%
<u>\$ 331,927 \$ 54,923 \$ 386,850</u>					<u></u>			<u>\$ 331,927 \$ 54,923 \$ 386,850</u>			

Source: The City of Chattanooga

⁽¹⁾ Existing debt service does not include \$344,060,000 of revenue debt issued by EPB; \$15,827,745 of revenue debt issued by the Airport Authority; \$4,567,041 in leases (as defined in Governmental Accounting Standards Board (or "GASB") 87) or \$2,043,092 in subscriptions (as defined in GASB 96). Existing debt service also excludes any indebtedness associated with the Sports Authority Bonds. See "CONTINGENT DEBT OBLIGATIONS" herein. For all indebtedness included in existing debt service, see the following table entitled "Schedule of Existing Debt by Fund."

SCHEDULE OF EXISTING DEBT BY FUND

As of June 30, 2025 (\$000s)

Fiscal Year	Wastewater		Solid Waste		Stormwater		CDRC		Total Enterprise		General Improvement		All Funds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	11,544	2,655	637	31	1,310	304	6,455	765	19,946	3,755	19,134	5,509	39,080	9,264	48,344
2027	11,722	2,473	235	3	1,194	245	6,665	555	19,816	3,276	17,023	4,549	36,839	7,825	44,664
2028	11,786	2,289	-	-	1,137	191	6,460	339	19,383	2,819	14,708	3,772	34,091	6,591	40,682
2029	11,971	2,104	-	-	1,137	138	3,959	129	17,067	2,371	14,703	3,139	31,770	5,510	37,280
2030	12,159	1,916	-	-	782	91	-	-	12,941	2,007	10,953	2,512	23,894	4,519	28,413
2031	12,351	1,724	-	-	782	52	-	-	13,133	1,776	10,908	1,965	24,041	3,741	27,782
2032	11,903	1,535	-	-	242	29	-	-	12,145	1,564	4,703	1,518	16,848	3,082	19,930
2033	11,866	1,361	-	-	242	19	-	-	12,108	1,380	3,458	1,327	15,566	2,707	18,273
2034	12,042	1,184	-	-	241	10	-	-	12,283	1,194	3,458	1,167	15,741	2,361	18,102
2035	12,222	1,004	-	-	-	-	-	-	12,222	1,004	2,115	1,008	14,337	2,012	16,349
2036	12,404	822	-	-	-	-	-	-	12,404	822	2,115	900	14,519	1,722	16,241
2037	12,589	636	-	-	-	-	-	-	12,589	636	2,110	791	14,699	1,427	16,126
2038	8,612	468	-	-	-	-	-	-	8,612	468	2,110	686	10,722	1,154	11,876
2039	6,233	374	-	-	-	-	-	-	6,233	374	2,110	580	8,343	954	9,297
2040	6,319	288	-	-	-	-	-	-	6,319	288	2,110	475	8,429	763	9,192
2041	6,258	200	-	-	-	-	-	-	6,258	200	2,110	369	8,368	569	8,937
2042	4,514	123	-	-	-	-	-	-	4,514	123	2,110	264	6,624	387	7,011
2043	1,254	62	-	-	-	-	-	-	1,254	62	2,110	158	3,364	220	3,584
2044	1,261	41	-	-	-	-	-	-	1,261	41	2,110	53	3,371	94	3,465
2045	1,281	21	-	-	-	-	-	-	1,281	21	-	-	1,281	21	1,302
	\$ 180,291	\$ 21,280	\$ 872	\$ 34	\$ 7,067	\$ 1,079	\$ 23,539	\$ 1,788	\$ 211,769	\$ 24,181	\$ 120,158	\$ 30,742	\$ 331,927	\$ 54,923	\$ 386,850

Source: The City of Chattanooga

CONTINGENT OBLIGATIONS

The Sports Authority of the County of Hamilton and the City of Chattanooga, Tennessee (the “Sports Authority”), a public corporation created by the City and Hamilton County, Tennessee (the “County”), issued its \$63,805,000 Public Facility Revenue Bonds (Stadium Project), Series 2024A (the “Series 2024A Sports Authority Bonds”) and \$14,830,000 Public Facility Revenue Bonds (Stadium Project), Series 2024B (Federally Taxable) (the “Series 2024B Sports Authority Bonds” and, together with the Series 2024A Sports Authority Bonds, the “Series 2024AB Sports Authority Bonds”) on October 29, 2024, for the purpose of financing the costs of constructing a multi-use sports and entertainment stadium in the City (the “Stadium”). The Series 2024AB Sports Authority Bonds are not general obligations of the City or County and are secured by and payable primarily from certain state and local sales tax revenues generated in connection with Stadium activities, tax increment revenues generated from the development of areas adjacent to the Stadium and allocated to the Sports Authority through local industrial development boards by interlocal agreement, and, in the case of the Series 2024B Sports Authority Bonds, certain lease payments made by the minor league baseball team playing at the Stadium. To the extent the foregoing revenues are not sufficient to pay debt service on the Series 2024AB Sports Authority Bonds, the City has pledged its non-ad valorem property tax revenues to pay fifty percent (50%) of such insufficiency. The County has pledged its non-ad valorem property tax revenues to pay the remaining fifty percent (50%) of such insufficiency. The obligations of the City and County are separate, and the City and County are not jointly responsible for any and all insufficiency in revenues for the Series 2024AB Sports Authority Bonds. The Sports Authority has also issued its \$5,000,000 Public Facility Revenue Bond, Series 2024C (the “Series 2024C Sports Authority Bond” and together with the Series 2024AB Sports Authority Bonds, the “Sports Authority Bonds”) that is generally payable from these same sources of revenues except that no County revenues are to be used to pay such Series 2024C Sports Authority Bond, and such Series 2024C Sports Authority Bond, at least initially, is expected to be paid from occupancy taxes received by the City.

Additional information on the Sports Authority Bonds, including the debt service requirements therefor, can be found on EMMA (as hereinafter defined) at <https://emma.msrb.org/P11800988-P11381061-P11819961.pdf> and the documents attached and/or referenced therein.

As of the date of this Official Statement, the City has not been called upon to make any debt service payment on the Sports Authority Bonds. The City can offer no assurance, however, as to whether there will be future calls on the City to pay any debt service amounts on the Sports Authority Bonds.

FUTURE BONDS

From time to time, the City receives requests to approve tax increment incentives, including tax increment financing, to support development projects. Any such incentives, including tax increment financing, are implemented by a governmental entity other than the City, usually The Industrial Development Board of the City of Chattanooga (the “IDB”), which is a separate legal entity from the City. If the City approves a tax increment incentive, a portion of the incremental City taxes from a designated area will be allocated to assist with a development project, but the City does not issue debt directly for such projects. The City has previously approved several tax increment incentives that are still outstanding.

See also “FINANCIAL ANALYSIS – Future Capital Financing” in Part II of this Official Statement for a discussion and presentation of a preliminary five-year Capital Improvement Program for the City, subject to change as provided therein.

RATINGS

S&P Global Ratings and Fitch Ratings have given the Bonds ratings of “AAA” (Stable Outlook) and “AA+” (Stable Outlook), respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings may be obtained directly from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LITIGATION

No suits have currently been filed contesting the authority of the City to issue, sell or deliver the Bonds, or of the power of the City to levy and collect ad valorem taxes to pay the Bonds nor are any such suits expected. The City will furnish at the closing a certificate attesting that no legal action has currently been brought contesting the validity, issuance or sale of the Bonds nor are any actions pending or expected which would materially affect the City's ability to pay principal of, premium, if any, and interest on the Bonds when due.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel, substantially in the form attached hereto as Appendix A. Phillip A. Noblett, Esq., Chattanooga, Tennessee, City Attorney, and Bass, Berry & Sims PLC, Knoxville, Tennessee, as Disclosure Counsel, will pass upon certain legal matters for the City.

CONTINUING DISCLOSURE

The City will, at the time the Bonds are delivered, execute a Continuing Disclosure Certificate substantially in the form attached hereto as Appendix C pursuant to which the City will covenant, for the benefit of the holders and beneficial owners of the Bonds, to file with the Municipal Securities Rulemaking Board at its Electronic Municipal Market Access site (<https://emma.msrb.org>) (“EMMA”) certain financial information and operating data relating to the City by no later than twelve months following the end of the City's fiscal year, commencing with the fiscal year ending June 30, 2026 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events and timely notice of failure to provide any required financial information of the City.

In evaluating its compliance with continuing disclosure obligations during the previous five (5) years, the City made the following findings: (i) certain annual reports filed for the City’s general obligation bonds inadvertently omitted certain operating, non-operating and financial data, which the City does not deem material, required to be disclosed for one series of bonds pursuant to a continuing disclosure agreement, and/or failed to disclose the same data in an identical or similar format as set forth in the official statement for such bonds; however, the City agrees that with all future filings the previous non-conforming data will be set forth in a format and manner that will satisfy the relevant continuing disclosure requirements (and which data may be incorporated in official statements posted to EMMA); and (ii) certain information regarding the financial obligations of the City for certain State Revolving Fund (“SRF”) loans related to the City’s wastewater system, which the City does not consider material due to the source of payment, was not timely filed. The City has now filed notice of such SRF loans and has agreed to file notice of future SRF loans. The City entered into a continuing disclosure agreement, as an obligor, with respect to the Series

2024AB Sports Authority Bonds (the “Sports Authority Continuing Disclosure Agreement”). The City timely filed its fiscal year 2024 audited financial information, as required by the Sports Authority Continuing Disclosure Agreement, but failed to link such audited financial information to the Sports Authority’s disclosure page on EMMA. Such audited financial information has now been linked to the page. Certain additional information regarding City pledged revenues was included in the filed fiscal year 2024 audited financial information and posted to EMMA, as required by the Sports Authority Continuing Disclosure Agreement, but the presentation of such information was not in the same format as in the Official Statement for the Series 2024AB Sports Authority Bonds. The City believes that it has complied in all material respects within the last five (5) years with any previous undertaking in a written contract or agreement specified in Rule 15c2-12 of the United States Securities and Exchange Commission. The City has established procedures designed to promote timely compliance with its obligations under its continuing disclosure undertakings.

INVESTMENT CONSIDERATIONS

GENERAL

The purchase of the Bonds is subject to a number of investment considerations. The following is a discussion of certain investment considerations, which, among others, could affect the ability of the City to pay the principal of and interest and premium, if any, on the Bonds and which could also affect the marketability of, or the market price for, the Bonds. Such discussion is not, and is not intended to be, a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement, including the Appendices attached hereto. Each prospective purchaser of any Bond should read this Official Statement, including the Appendices attached hereto, in its entirety and consult such prospective purchaser's own investment or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the holders or beneficial owners of the Bonds upon any event of default under the Authorizing Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Under existing law, municipalities must obtain the consent of state governments in order to avail themselves of federal bankruptcy protection under Title 11 of the United States Code. There is currently no law in the State of Tennessee (the “State”) granting such consent. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the rights of creditors generally or as to the availability of any particular remedy.

REDEMPTION PRIOR TO MATURITY

The Bonds are subject to optional redemption prior to maturity, as more fully described herein. See "THE BONDS - Redemption" herein. A prospective investor should consider these redemption rights when making any investment decision. Following redemption, the holders or beneficial owners of the Bonds may not be able to reinvest their funds at a comparable interest rate.

SECONDARY MARKET PRICES

No assurance can be given that a secondary market for any of the Bonds will be available and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event a holder or beneficial owner thereof determines to solicit purchasers of the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current holder or beneficial owner of the Bonds, depending on existing market conditions and other factors.

ADVERSE WEATHER AND OTHER CATASTROPHIC EVENTS

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City's location in the southern United States and proximity to several waterways, including the Tennessee River, increases its vulnerability to flooding and extreme heat. In addition to flooding and extreme heat, the City faces other threats due to adverse weather, including the possibility of drought conditions that could become increasingly severe and frequent.

Severe weather events and natural disasters, generally, including floods, droughts, extreme heat, wildfires, tornadoes and other storm events, can affect the City and its residents in a myriad of ways, including by potentially damaging City property, causing the temporary or permanent displacement of City residents and interrupting City services. Along with natural disasters, catastrophic events caused by human activity could also materially impact the City in a manner that would adversely impact the City's finances and/or operations. The City cannot predict the timing, extent or severity of any adverse weather event and/or other catastrophic event and any potential impact on the City's operations and finances.

CYBER SECURITY

The City utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information. As a result, the City may be the target of cyberattacks attempting to gain access to such information or disrupt City operations. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the City to legal action. Attempted cyber security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or entities similar to the City.

In January 2024, the Federal Bureau of Investigation issued a specific warning that international hackers are working to attack governmental infrastructure in the United States. To mitigate against such risks, the City has implemented specific protocols, processes and software and has instituted a cyber-security training requirement for City employees. The City also maintains insurance against cyber security incidents. Despite the City's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

In 2025, the City notified approximately 840 users of the City's emergency services that their personal information was compromised as a result of a cyberattack on a third-party debt collection vendor contracted by the City. Affected individuals were notified of the specific data compromised and steps to access complimentary identity protection services funded by the City. In response to the breach, the City rescinded the contract renewal with the debt collection vendor. There is no indication that anything other than certain debt collection services data was affected.

PUBLIC HEALTH EMERGENCIES

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has affected and may continue to affect the entire world, including the City. In March 2020, in response to the COVID-19 outbreak, the Governor of the State issued a state of emergency and the World Health Organization declared the COVID-19 outbreak to be a global health emergency. The spread of COVID-19 led, from time to time, to quarantine and other "social distancing" measures. These measures included: (i) the closure, from time to time, of nonessential businesses, (ii) recommendations and warnings to limit nonessential travel and promote telecommuting, (iii) the postponement or cancellation of or reduced capacity at large-scale gatherings, such as conventions, concerts and sporting events, (iv) limits on operations and customer capacity at commercial and retail establishments and (v) the closure, from time to time, of school buildings and community centers. The Governor of the State lifted the state of emergency in April 2021. The World Health Organization declared an end to the global health emergency in May 2023. The City is unable to predict whether and to what extent any increases in COVID-19 cases or the emergence of any other epidemic or pandemic may disrupt the local or global economy, or whether any such disruption may adversely affect the operations or financial condition of the City.

Various types of information regarding employment, income trends, and business activity in the City are detailed in Part II, including historical data collected both before and during the COVID-19 pandemic. Certain data and other information collected prior to and during the COVID-19 outbreak may not reflect current conditions. For example, some of the largest employers and taxpayers in the City may have been forced to reduce their employment during the COVID-19 outbreak and may be similarly affected as a result of any future epidemic, pandemic or other public health emergency. For additional information and historical data on the City's economy and financial condition, see Part II of the Official Statement.

TAX MATTERS

FEDERAL

General. Bass, Berry & Sims PLC, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and
- is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,

- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also “Changes in Federal and State Tax Law” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is “Bond premium” on that Bond. The tax accounting treatment of Bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with Bond premium, even though the Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Bonds with Bond premium, it should consult its tax advisor regarding the tax accounting treatment of Bond premium.

Original Issue Discount. A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder’s federal gross income under the Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount

Information Reporting and Backup Withholding. Unless the recipient is otherwise exempt, interest on the Bonds is subject to Federal information reporting requirements which can be generally satisfied upon the filing of a Form W-9, “Request for Taxpayer Identification Number and Certification.” Failure to satisfy the information reporting requirements does not affect the excludability of the interest on the Bonds, but will result in a tax being withheld from the interest payment, calculated as set forth in the Code. Once the required information is provided, such amounts withheld would be allowed as a refund or credit against the Bondholder’s Federal income tax.

STATE TAXES

Under existing law, the Bonds and the income therefrom are exempt from all present state, City and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

CHANGES IN FEDERAL AND STATE LAW

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, various proposals have been made in Congress and by the President

which, if enacted, would subject interest on bonds, such as the Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. Further, such proposals may impact the marketability of the Bonds simply by being proposed. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds 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, marketability or tax status 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 would be impacted. 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 upon 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 proposed or pending legislation, regulatory initiatives or litigation.

MISCELLANEOUS

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERWRITING

The Bonds were sold by the City at a competitive public sale, on _____, 2026 at 10:00 a.m., Eastern Daylight Time 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 Detailed Notice of Sale dated January 13, 2026, which was available to bidders of the Bonds with the Preliminary Official Statement, dated January 13, 2026.

The successful bidder of the Bonds has agreed, subject to the conditions of closing set forth in the Detailed Notice of Sale relating to the Bonds, to purchase the Bonds at a purchase price of \$ _____. Such purchase price includes a par amount of \$ _____, original issue premium of \$ _____ less an underwriter's discount of \$ _____. The Underwriter for the Bonds is _____.

The Bonds will be offered at the respective initial public offering prices shown on the inside cover 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 cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter at their discretion.

Certain information relative to the location, economy and finances of the City is found in the Preliminary Official Statement, in final form and this Official Statement, in final form. All such data, as in the case for other information herein contained, was prepared by the City. While not guaranteed as to completeness or accuracy, the Preliminary Official Statement and this Official Statement, in final form are believed to be correct as of their respective dates. The Underwriter for the Bonds has reviewed the information in the Preliminary Official Statement and this Official Statement, in final form in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction; but the Underwriter does not guarantee the accuracy or completeness of such information.

INDEPENDENT AUDITORS

State law requires an annual audit of the City by independent certified public accountants. Henderson Hutcherson & McCullough, PLLC, independent auditors, have audited the financial statements of the City for the fiscal year ended June 30, 2025, as described in Appendix B to this Official Statement. In addition to meeting the requirements of the City Council set forth in state 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. This Official Statement has not been reviewed by Henderson Hutcherson & McCullough, PLLC, nor has Henderson Hutcherson & McCullough, PLLC performed any procedures related to this Official Statement.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC (“PFM”) is employed by the City to perform professional services as the City’s municipal advisor. In its role as municipal advisor to the City, 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 City and other sources and the City’s certification as to the Official Statement.

FORWARD-LOOKING STATEMENTS

Any statements made in this Official Statement, including in the Appendices attached hereto, involving estimates or matters of opinion, whether or not so expressly stated as such, are set forth as estimates or matters of opinion and not as representations of fact. No representation is made that any of the estimates or matters of opinion will be realized.

The statements contained in this Official Statement, including in the Appendices attached hereto, that are not purely historical, are forward-looking statements. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and the City does not assume any obligation to update any such forward-looking statement. It is important to note that actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including without limitation: risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates; possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions; and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the Appendices attached hereto, will prove to be accurate.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to in this Official Statement and in the Appendices to this Official Statement do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations

of the holders thereof.

The information contained in this Official Statement has been compiled from sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with the holders of the Bonds.

AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

The execution and delivery of this Official Statement on behalf of the City by its Mayor and its City Finance Officer (Interim) have been duly authorized by the City Council.

CITY OF CHATTANOOGA, TENNESSEE

By: /s/ _____
Mayor

By: /s/ _____
City Finance Officer

APPENDIX A
PROPOSED FORM OF LEGAL OPINION

_____, 2026

City Council
of the City of Chattanooga
Chattanooga, Tennessee

Ladies and Gentlemen:

We have acted as bond counsel to the City of Chattanooga, Tennessee (the "Issuer") in connection with the issuance of \$_____ General Obligation Bonds, Series 2026, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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 such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.
2. The resolutions of the City Council of the Issuer authorizing the Bonds have been duly and lawfully adopted, are in full force and effect and are valid and binding agreements of the Issuer enforceable in accordance with their terms.
3. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Issuer.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of 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 under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

APPENDIX B
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

BASIC FINANCIAL STATEMENTS

Audited Financial Statements of the City of Chattanooga, Tennessee (the “City”) and supplementary information as of and for the fiscal year ending June 30, 2025, together with the independent auditors’ report from Henderson Hutcherson & McCullough, PLLC, (1) have been filed on EMMA and may be obtained online from EMMA at <https://emma.msrb.org/P11912512-P11461010-P11909545.pdf> and (2) are included as part of this Appendix B. To the extent there are any differences between the electronically posted financial statements of the City and the printed financial statements of the City, the printed version shall control. The City Finance Officer, Weston Porter, CPA, can be reached at 423-643-7370.

The City’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025, has been posted on the websites referenced above. Some sections of which are described above and incorporated herein by reference:

- Introductory Section
- Financial Section
 - Report of Independent Certified Public Accountants dated December 30, 2025
 - Management’s Discussion and Analysis
 - Basic Financial Statements
 - Notes to the Basic Financial Statements
- Supplementary Information including
 - Public Employees Retirement Systems
 - Combining Financial Statements
 - Budgetary Comparison Schedules
 - Financial Schedules
- Statistical Section
- Single Audit Section

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE, dated _____, 2026 (this “**Certificate**”), by the City of Chattanooga, Tennessee (the “**City**”), authorized by resolution of the City Council adopted on November 18, 2025 (the “**Bond Resolution**”).

W I T N E S S E T H:

WHEREAS, on or about _____, 2026, the City will issue its \$_____ General Obligation Bonds, Series 2026 (the “**Bonds**”), under and pursuant to the Bond Resolution;

WHEREAS, the City is executing an Official Statement dated the date hereof (the “**Official Statement**”) relating to the Bonds; and

WHEREAS, in Appendix B and Part II Supplemental Information Statement of the Official Statement, certain financial information and operating data relating to the City is provided; and

WHEREAS, Rule 15c2-12, promulgated by the Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), requires that prior to acting as an underwriter in a primary offering of municipal securities (a “**Participating Underwriter**”), a broker, dealer or municipal securities dealer must comply with the provisions of Rule 15c2-12; and

WHEREAS, Rule 15c2-12 defines a “primary offering” to be an offering of municipal securities directly or indirectly by or on behalf of an issuer of such securities, and defines “underwriter” to be any person who has purchased from an issuer of municipal securities with a view to, or offers or sells for such an issuer in connection with, the offering of any municipal security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking except as otherwise provided therein; and

WHEREAS, Rule 15c2-12 provides that a Participating Underwriter shall not purchase or sell municipal securities unless such Participating Underwriter has reasonably determined that the issuer of the municipal securities, or an “obligated person” (within the meaning of Rule 15c2-12) for whom financial or operating data is presented in the final official statement relating to such municipal securities, has undertaken, either individually or in combination with other issuers of municipal securities or obligated persons, in a written agreement for the benefit of the holders of the municipal securities, to provide to certain designated information repositories, either directly or indirectly through an indenture trustee or a designated agent, certain information relating to each “obligated person” and events with respect to such municipal securities; and

WHEREAS, the Bonds will constitute municipal securities within the meaning of Rule 15c2-12; the City will constitute an obligated person for whom financial or operating data is presented in the Official Statement relating to the Bonds; and the Underwriter will constitute a Participating Underwriter within the meaning of Rule 15c2-12 in respect of the Bonds; and

WHEREAS, in order to provide for the issuance and sale of the Bonds, the City has determined that it is in the best interests of the City for the City to undertake, in this Certificate, for the benefit of the registered owners of the Bonds and, for so long as the Bonds are restricted under the Bond Resolution to registration in the name of a securities depository or the nominee therefor, any owners of beneficial interests in the Bonds, to provide to the information repositories designated in Rule 15c2-12 that certain information relating to the City and with respect to the Bonds as specified in Rule 15c2-12.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City agrees as follows:

Section 1. Definitions. Capitalized terms used but not otherwise defined herein shall have the respective meanings given to such terms in this Section 1, unless the context in which such capitalized term is used requires otherwise. As used in this Certificate, the following terms shall have the meanings set forth below:

“**Annual Financial Information**” shall mean, with respect to a particular fiscal year of the City, subject to Section 3 hereof, updated financial information and operating data relating to the City of the type described or contained in the City’s Annual Comprehensive Financial Report.

“**Bonds**” shall have the meaning given to such term in the recitals to this Certificate.

“**Bond Resolution**” shall have the meaning given to such term in the recitals to this Certificate.

“**EMMA**” shall mean the Electronic Municipal Market Access system as described in Securities Exchange Act of 1934 Release No. 59062 and maintained by the MSRB for purposes of Rule 15c2-12, or any successor information repository.

“**Financial Obligation**” shall mean (a) a debt obligation; (b) 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 (c) a guarantee of (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“**Independent Accountant**” shall mean any firm of certified public accountants appointed by the City, which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15(B)(b)(1) of the Securities Exchange Act of 1934, as amended.

“**Official Statement**” shall have the meaning given to such term in the recitals to this Certificate, as the same may be amended or supplemented.

“**Owner**” shall mean a “Holder” of a Bond within the meaning of the Bond Resolution and, for so long as the Bonds are restricted under the Bond Resolution to registration in the name of a securities depository or the nominee therefor, any owners of beneficial interests in the Bonds.

“**Rule 15c2-12**” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Certificate.

“**Settlement Date**” shall be the date this Certificate is executed and delivered by the parties hereto.

“**State**” shall mean the State of Tennessee.

Section 2. Obligation to Provide Continuing Disclosure. The City hereby undertakes, for the benefit of the Owners from time to time, to provide, commencing on the Settlement Date and throughout the term of this Certificate, to the following entities, the information described below:

(a) to the MSRB via EMMA, no later than twelve months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026:

- (i) the Annual Financial Information relating to such fiscal year together with audited financial statements of the City for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the City are not then available, the City shall file unaudited financial statements in a format similar to the financial statements contained in the Official Statement and the audited financial statements shall be delivered to MSRB via EMMA when they become available; and
- (ii) notice, in a timely manner, of the City's failure, if any, to provide any of the information described in subparagraph (i) above;

(b) if not submitted as part of the Annual Financial Information, then when and if available, to the MSRB via EMMA, audited financial statements of the City; and

(c) to MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Bonds, a notice of such occurrence with MSRB in electronic format, accompanied by such identifying information as is prescribed by MSRB:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on the credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers or their failure to perform;
- (vi) 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 Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Owners of the Bonds, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the City; provided that for purposes of the foregoing event, such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the provisions of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as amended or supplemented from time to time, or any successor statute, and any and all rules and regulations issued or promulgated in connection therewith, or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body

and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive material agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Whenever the City obtains knowledge of the occurrence of an event listed in this Section 2(c) that is qualified by materiality, the City shall as soon as possible determine if such event would constitute material information for Owners of the Bonds.

Nothing in this Section 2 shall prevent the City from disseminating any information in addition to that required to be provided by the City hereunder, and if the City disseminates any such additional information, there shall be no obligation to update such information or include it in any future materials disseminated.

Section 3. Annual Financial Information.

(a) All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross-reference to any other documents that have been filed with (i) the MSRB via EMMA and, if the document is an official statement relating to the City's securities, the MSRB via EMMA, or (ii) the Securities and Exchange Commission.

(b) Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(v) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, and, to the extent reasonably feasible, shall include a quantitative comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles. A notice of any such change in accounting principles shall be sent by the City to MSRB via EMMA.

Section 4. Financial Statements. The City's annual financial statements for each fiscal year shall be prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by an Independent Accountant.

Section 5. Remedies. The provisions of this Certificate shall be enforceable in accordance with its terms by an Owner, either directly or as third party beneficiary. The Owner shall have the right, for its benefit and for the equal benefit and protection of all Owners, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the City and any of the general partner(s), agents and employees of the City, and to compel the City to perform and carry out its duties under this Certificate; provided, however, that such rights shall be limited to an action to compel specific enforcement of the obligations of the City hereunder and shall not include any rights to monetary damages under any circumstances, and, provided, further, that any challenges to the adequacy of any information provided pursuant to Section 2 hereof shall be brought only by the Owners of at least 25% of the aggregate principal amount of the Bonds Outstanding within the meaning of the Bond Resolution.

Section 6. Termination. This Certificate shall terminate on the earlier of (i) the Settlement Date, if no Bonds are issued on such date, (ii) the date on which no Bonds shall be Outstanding within the meaning of the Bond Resolution, (iii) such date that Rule 15c2-12, or the provisions thereof, are no longer effective, or (iv) such date that the City is no longer an “obligated person” within the meaning of Rule 15c2-12, including upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Amendments. This Certificate may be modified, pursuant to a written instrument signed by the City, for the following purposes:

- (i) to comply with or conform to any changes in Rule 15c2-12 or any authoritative interpretations thereof by the SEC or its staff (whether required or optional);
- (ii) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (iii) to evidence the succession of another person to the City and the assumption by any such successor of the covenants of the City hereunder;
- (iv) to add to the covenants of the City hereunder, or to surrender any right or power herein conferred upon the City;
- (v) to modify the contents, presentation and format of the Annual Financial Information from time to time; or
- (vi) to cure any ambiguity, remedy any omission or cure or correct any defects or inconsistencies in this Certificate;

provided, however, that any such modification of this Certificate shall be permitted only if (1) the modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City or the type of business conducted by the City; (ii) this Certificate, as amended by any such modification, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of Rule 15c2-12, as well as any change in circumstances; and (3) the amendment or change does not materially impair the interests of Owners, as determined either by a party unaffiliated with the City (such as nationally recognized bond counsel), or by the vote or consent of Owners of at least a majority in aggregate principal amount of Bonds Outstanding within the meaning of the Bond Resolution.

Section 8. Persons Having Rights under this Certificate. Nothing in this Certificate, expressed or implied, and nothing that may be inferred from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the City and the Owners of the Bonds any right, remedy or claim under or by reason of this Certificate or of any covenant, condition, stipulation, promise or agreement hereof; and all covenants, conditions, stipulations, promises and agreements in this Certificate

contained shall be for the sole and exclusive benefit of the City and the Owners of the Bonds. Nothing contained in this Certificate shall, or shall be construed to, limit the rights of any Owner under any federal or State securities laws.

Section 9. Successors and Assigns. Whenever in this Certificate the City is named or referred to, it shall be deemed to include the respective successors and assigns thereof, and all the covenants and agreements in this Certificate contained by or on behalf of the City shall bind and ensure to the benefit of its respective successors and assigns whether so expressed or not.

Section 10. Governing Law. This Certificate shall be governed by and construed in accordance with the laws of the State without giving effect to the principles of conflicts of laws thereof.

Section 11. Severability. In case any one or more of the provisions of this Certificate or of this Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Certificate, but this Certificate shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein. Any constitutional or statutory provision enacted after the date of this Certificate that validates or makes legal any provision of this Certificate that would not otherwise be valid or legal shall be deemed to apply to this Certificate.

Section 12. Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 13. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by its duly authorized officer, and the City has caused its official corporate seal to be hereunto affixed and attested, as of the date first above written.

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Name: Weston Porter, CPA
Title: City Finance Officer

APPENDIX D
THE DEPOSITORY TRUST COMPANY

APPENDIX D

INFORMATION RELATED TO DEPOSITORY TRUST COMPANY

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds 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 bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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” and either a Direct Participant or Indirect Participant, unless the context necessarily provides otherwise, to be referred to as a “Participant”). DTC has S&P Global’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.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 the Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Bonds 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.

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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices

of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds 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 City or the Paying Agent, on the 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, the Paying Agent, or the City, 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 City or the Paying Agent, 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City 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.

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

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PART II
SUPPLEMENTAL INFORMATION STATEMENT

PART II
SUPPLEMENTAL INFORMATION STATEMENT
THE CITY OF CHATTANOOGA, TENNESSEE

In addition to providing audited financial information as of and for the year ended June 30, 2025, the City of Chattanooga, Tennessee (the “City”), intends that this Supplemental Information Statement will be used, together with information specifically provided by the City for that purpose, in connection with the offering and issuance by the City of its securities. No person, except as may be noted on the cover page, has been authorized by the City to give any information or to make any representation 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 City since the date of this Supplemental Information Statement.

Please contact Weston Porter, CPA, City Finance Officer, City Hall, 101 East 11th Street, Suite 101, Chattanooga, Tennessee 37402, (423) 643-7363 for copies of this Supplemental Information Statement. The City’s Annual Comprehensive Financial Reports (or “ACFR”) may be found on the City’s website at www.chattanooga.gov.

The date of this Supplemental Information Statement is June 30, 2025, 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 City to offer and sell securities, this Table of Contents will relate only to that Part II. A separate Table of Contents for Part I of the Preliminary Official Statement will be included at the front of Part I.

PART II

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SUPPLEMENTAL INFORMATION STATEMENT

THE CITY OF CHATTANOOGA, TENNESSEE

INTRODUCTION

The City of Chattanooga, Tennessee (the “City” or “Chattanooga”), is situated along the Tennessee River and surrounded by mountains. It was founded in 1815 by Cherokee Indian Chief John Ross on the site of Ross’s Landing trading post. “Chattanooga,” Cherokee for “rock coming to a point” (referring to prominent Lookout Mountain), was incorporated under the State of Tennessee (“State”) Private Acts of 1839. The City is located near the southeastern corner of the State on the Tennessee-Georgia border where three major interstate highways meet. It encompasses an area of 143 square miles of land, with an additional seven square miles of water. The City is centrally located within a 150-mile radius of Knoxville and Nashville, Tennessee; Birmingham, Alabama; and Atlanta, Georgia. Over 11 million people live within a 2½ hour drive of Chattanooga. The City is the fourth-largest city in Tennessee and serves as the county seat of Hamilton County (the “County”). Chattanooga is the center of a six-county Metropolitan Statistical Area (“MSA”) with a population in excess of one-half million people.

FORM OF GOVERNMENT

The City operates under a Mayor/Council form of government. The Mayor is elected at large and serves as the City’s Chief Executive Officer, overseeing the operation of all City departments. The City Council is composed of nine members, with each member elected from one of nine districts within the City’s geographic boundaries. The Mayor and Council Members are elected to four-year terms.

The City provides a full range of municipal services, including, but not limited to, fire and police protection; sanitation services; construction/maintenance of highways, streets and infrastructure; recreation and cultural activities; community development; a public library system; economic development; planning and zoning; neighborhood services; social services; and general administrative services. It also operates a stormwater program and a regional wastewater collection and treatment system, which serves southeast Tennessee and northwest Georgia. The City is empowered to levy a property tax on real and personal property within its boundaries.

INDUSTRIAL AND ECONOMIC DEVELOPMENT

Chattanooga’s central location makes it a convenient business location and distribution center for the eastern United States. The City is within a one-day’s drive of 70% of U.S. consumer markets and is regularly named as a five-star distribution location for manufacturing. Its unique location provides access through a system of roads, rails and waterways that facilitates rapid fulfillment and simplified transportation logistics. Coupled with other economic advantages, such as abundant natural resources and a trained labor force, this central location makes Chattanooga an oft-desired business location.

Today, the major industries that drive the economy include automotive, advanced manufacturing, food and beverage production, healthcare, insurance, tourism, back office and corporate headquarters.

Nationally and internationally recognized companies are headquartered in Chattanooga. These include leading insurance providers, such as Blue Cross Blue Shield of Tennessee, Cigna Healthcare and the Unum Group; large-scale shopping center developers, such as CBL & Associates; top carriers, such as Covenant Transport; and manufacturers, such as Volkswagen Group of America (“VW”), Gestamp North America (“Gestamp”) and Plastic Omnium Auto Exteriors. The Kenco Group—a privately held company that provides logistics services specializing in distribution and fulfillment, transportation management, material handling services and warehouse real estate management—is headquartered in Chattanooga. Several freight management and logistics management companies, such as Freight Waves, providing the data side of logistics, and Reliance Partners, providing insurance to trucking and logistics companies, have also chosen Chattanooga as their corporate home base. As home to two of the nation’s biggest long-haul trucking companies and more than a dozen freight logistics operators, Chattanooga has the highest share of logistics industry jobs of any major city.

Per the United States Bureau of Labor Statistics, the Chattanooga MSA’s unemployment rate stood at 4.0% (not seasonally adjusted) as of July 2025. This is compared to the State’s unemployment rate of 3.6% and the

nation's unemployment rate of 4.2% for the same period (both seasonally adjusted). In partnership with the Chattanooga Area Chamber of Commerce and the County, the City has developed a proactive, multi-year economic development initiative designed to market the Chattanooga region as a premier business location. This public-private partnership, which includes 80 private investors, has been instrumental in highlighting many of the features and opportunities that Chattanooga has to offer. The Chattanooga Chamber of Commerce has set forth on a new five-year strategic economic development plan, "Climbs Higher," covering the period from July 1, 2024, to June 30, 2029, and has set goals for job creation, increased average wages, and increased private investment, including an increase in regional employment by 5,000 (799 as of June 30, 2025), and increase in private sector investment by \$1.5 billion (\$1.1 billion as of June 30, 2025) and raising the average annual wages to \$60,000 (\$63,973 as of June 30, 2025).

Another initiative known as "Thrive 2055," a 16-county regional plan, is a citizen-led, public-private endeavor to engage people from across the metropolitan area of Chattanooga, the County, Northwest Georgia, and Northeast Alabama. The areas of focus include the enhancement of economic opportunities, regional transportation, education and training, while preserving the region's natural treasures.

Enterprise South Industrial Park ("ESIP") has been a major contributor to growth in Chattanooga. This 3,000 developable acre industrial park was identified by the Tennessee Valley Authority ("TVA") as Tennessee's first industrial mega site. Today, it is home to VW, Amazon, Archer Daniels Midland (ADM) and 17 other companies. ESIP has essentially been filled or committed for potential additional expansion of VW, which opened its Chattanooga plant in 2011. VW's \$1 billion auto assembly plant initially created 12,400 direct and indirect full-time jobs, is responsible for \$643.1 million in annual income and has attracted 17 supplier companies to the area. In 2019, VW designated Chattanooga as its North American base for the manufacture of electric vehicles, resulting in an \$800 million expansion of its Chattanooga facility. Chattanooga is the first dedicated location in North America for the production of vehicles using VW's modular electric toolkit chassis. In connection with its manufacture of electric vehicles in the City, VW opened its Battery Engineering Lab in Chattanooga in 2022, which serves as VW's flagship facility for its battery expertise in North America. VW's operations have spawned millions of dollars in expansions by automotive suppliers. According to the Chattanooga Area Chamber of Commerce Major Employers List, VW employed approximately 5,200 people in the Chattanooga area at the end of 2024.

Foreign investments are prominent in Chattanooga. Companies with ties to Australia, Austria, Brazil, Canada, Finland, France, Germany, Ireland, Italy, Japan, Mexico, Netherlands, Norway, Spain, Switzerland, Turkey, and the United Kingdom all have a presence in the City. In 2010, French drug maker Sanofi-Aventis acquired Chattanooga-based healthcare company Chattem Inc. Gestamp, a Tier 1 supplier to VW, BMW, and Mercedes-Benz that is based in Spain, runs a large-scale automotive parts stamping operation in the City. According to the Chattanooga Area Chamber of Commerce Major Employers List, Gestamp employed over 1,200 people in the Chattanooga area at the end of 2024.

In 2019, Nippon Paint USA, a Japanese paint and paint products manufacturing company announced plans for a \$61 million investment to build a LEED-certified 270,000-square-foot automotive paint production facility, the biggest new manufacturing investment in East Chattanooga in more than a century. The project is expected to be completed by December 31, 2027, and is expected to create 150 jobs. Road construction to service the plant has already been completed.

In July 2021, Novonix/Pure Graphite, an electric vehicle battery materials and technology company with operations in Australia, the United States and Canada, agreed to purchase and retrofit an existing facility in Chattanooga. Headquartered in Brisbane, Australia, Novonix develops and supplies materials, equipment and service for the global lithium-ion battery industry. Pure Graphite, which has sales agreements with Samsung and Sanyo, set up in Tennessee in 2019, and is the only qualified producer in North America of high-grade anode materials suitable for lithium-ion batteries for both electric vehicles and energy storage systems. In 2025, Novonix finalized the purchase of roughly 182 acres in ESIP to build a second synthetic graphite plant, which is expected to reach 31,500 tonnes/year capacity by 2028, bringing their total planned investment to approximately \$1.5 billion and the creation of 500 new jobs in Chattanooga.

In addition to the foreign investments, many American companies continue to locate and expand in Chattanooga. FedEx recently constructed a \$30 million distribution center in the Chattanooga area. Coca-Cola Bottling Company recently opened a distribution and sales facility in the City, reaffirming the company's

commitment to Chattanooga. TAG Manufacturing, the maker of attachments for heavy equipment, also recently underwent a \$15-million expansion at ESIP, adding approximately 200 jobs in a 200,000-square-foot facility.

Amazon, the world's largest internet retailer, opened a \$70 million distribution center at ESIP, employing more than 2,000 full-time and part-time employees, and it has become one of the top 15 employers in Chattanooga.

In July 2023, the Center for Sports Medicine and Orthopedics LLC opened one of the region's biggest outpatient ambulatory surgery facilities along Interstate 75 in the City, replacing existing surgery suites in downtown Chattanooga. The \$18.7 million complex, spanning 37,500 square feet, has eight operating rooms, two procedure rooms and 40 pre-operative and recovery bays.

Access Road LLC and Rise Partners began construction in 2022 on the North River Commerce Center—an industrial site that is slated to be the biggest new industrial park in Chattanooga since the VW site. The planned 88-acre, \$102 million industrial park is expected to hold approximately 600 new jobs when fully built out. The first building at the North River Commerce Center, with 415,000 square feet, is fully occupied. The site is only about 10 minutes from downtown Chattanooga. Additionally, Rise Partners has also acquired nearly 20 acres of other industrial property on Chattanooga's Southside. The acquisition includes an entire block in the "middle of the city" with both existing users and the potential for new development. Comprised of 10 buildings, this Yerbey Warehouse Park includes more than 200,000 square feet of industrial space, small office space, and undeveloped land that provides the opportunity to further housing or other development in the growing Southside area.

In addition to attracting top manufacturing and logistics companies, the City invests in creating entrepreneurial opportunities. Many of the City's recent job announcements include employment of 10 to 100 people in a variety of industries, including manufacturing, freight logistics, data analytics, and marketing. Chattanooga was recognized in 2018 by CNBC as one of the top seven cities for business startups, citing tech sector industry advantages. These favorable rankings were based on a variety of factors, including access to resources, startup survival rate, affordability of office space and educational attainment of the local labor force. Chattanooga was ranked as the least expensive city in 2018 for business start-ups by SmartAsset.com.

Part of the City's success is due to the smart grid developed by the City's Electric Power Board ("EPB"), the city-owned electric utility. Chattanooga, also known as "Gig City," was the first city in the Western Hemisphere to offer 1 gigabit-per-second fiber internet service to all of its residents and businesses. The fiber optic network, which provides fiber to more than 100,000 homes and businesses in a 600-square-mile area, can now deliver data speeds of up to 10,000 megabits per second, a tenfold increase over its original configuration. The network represents a total \$320 million investment. 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 77-year existence, EPB is selling or leasing shares of its solar farm to its 170,000 electric customers, giving their customers a chance to buy into a part of a new source of clean electricity generation. In July 2020, EPB, the City and other stakeholders 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. EPB's network infrastructure has allowed Chattanooga to be at the front of the technology curve and provides a technology platform that sets Chattanooga apart from every other community in the U.S. and all but a handful in the world. In recognition of this groundbreaking infrastructure, the U.S. Department of Energy and Oak Ridge National Laboratory are utilizing EPB's smart grid as a national model for researching and developing best practices.

In 2023, Mayor Tim Kelly announced a new initiative known as "Gig City Goes Quantum" for the University of Tennessee at Chattanooga and Chattanooga State Community College to expand both their degree and non-degree training in quantum technologies to help prepare workers for the emerging technology. Quantum technologies are part of the next major frontier in computer technology, cybersecurity and digital communications and will require new skills for workers to take advantage of Chattanooga's unique capabilities.

Sparked by this high-speed internet infrastructure, Chattanooga became the first mid-sized city in America to establish an 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 both new companies and existing businesses. As part of this effort, the Company Lab operates a new accelerator program in the City to help fund and nurture startup businesses on new approaches to sustainable mobility. In 2019 and 2020, Chattanooga and the County

were recognized as International Data Corporation (IDC) Smart Cities in North America due to their innovative projects.

QUALITY OF LIFE

In addition to industrial and economic opportunities, the City offers many social and outdoor activities for its residents and visitors. Surrounded by the Tennessee mountains, Chattanooga was recognized in 2025 as the first National Park City in North America. Chattanooga is the only city in North America and only the 3rd city worldwide to be so recognized, behind Adelaide, Australia and London, England. Chattanooga has also been named as one of America's most livable cities by national publications, such as *Tech National* and *Travel + Leisure*. Additionally, in 2024, Chattanooga was named by *U.S. News and World Report* as the Best Place to Live in Tennessee with the #1 ranking in the State of Tennessee and 27th overall, nationwide. A relatively low cost of housing and lack of a State income tax make the area an attractive destination for many seeking a lower cost of living in a progressive community.

Chattanooga has made intensive investments in its recreational offerings, historical exhibits, museums, hotels, shopping and tourist attractions along the banks of the Tennessee River. These investments have resulted in the Tennessee Aquarium, Tennessee Riverpark, Walnut Street Pedestrian Bridge, and Coolidge Park. The City made additional investments in the creation of a model community in the City's Southside for the purpose of rebuilding the district's job base and revitalizing housing opportunities. An expanded convention center and a conference center complex are in the heart of the Southside community. The 21st Century Waterfront Development, a \$120 million public-private partnership, has transformed the downtown riverfront with development intended to honor the history and preserve the beauty of the area. Enhancements to the development include an underground passageway to the river marking the beginning of the Trail of Tears, a pedestrian connection linking the river to the Hunter Museum and neighboring Bluff View Art District via the Holmberg Bridge and enhanced public spaces along both shores of the Tennessee River. The Tennessee Riverpark, a joint venture between the City and County with an unparalleled stretch of greenway, connects neighborhoods and business districts via numerous trailheads. Ultimately, the Riverpark is planned to stretch from the Chickamauga Dam through downtown to Moccasin Bend National Park.

Additionally, Chattanooga's historic Southside and Northshore neighborhoods, each with a distinctive personality and energy, are experiencing revitalization. These urban neighborhoods are in close proximity to major downtown employers, schools, restaurants and entertainment venues. As a result, many people are choosing to live downtown where they can experience a pedestrian and bike-friendly lifestyle. The Southside is a unique part of town with clusters of art galleries and a variety of restaurants. The Southside is also home to the City's newest urban park, Lynnbrook Park, in the Oak Grove neighborhood. The Northshore neighborhood, situated on the Tennessee River, is perhaps Chattanooga's most eclectic community and boasts a wealth of restored single-family 1940s-style bungalows along with luxury condominiums, boutiques, restaurants, coffeehouses, galleries and day spas. The Northshore is home to two large city parks – Coolidge Park, with its play fountains and carousel, and the Stringer's Ridge trail.

The 3,000-acre Enterprise South Nature Park is jointly funded by the City and the County. 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 biking 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. The park recently received the Governor's Environmental Stewardship Award for Greenways and Trails.

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FINANCIAL INSTITUTIONS

There are 30 commercial banks within the MSA reporting total deposits of approximately \$15,344,326,000 as of June 30, 2025. The following amounts are shown in thousands.

Institution Name	Deposits (\$000)	Market Share
First Horizon Bank	2,761,193	17.99%
Pinnacle Bank	2,350,578	15.32%
Truist Bank	1,984,444	12.93%
Regions Bank	1,735,146	11.31%
FirstBank	1,054,980	6.88%
Bank of America, National Association	773,058	5.04%
Builtwell Bank	727,439	4.74%
Citizens Tri-County Bank	650,368	4.24%
SmartBank	464,801	3.03%
The Bank of Lafayette, Georgia	369,509	2.41%
SouthEast Bank	323,076	2.11%
Tower Community Bank	308,281	2.01%
RockPointBank, National Association	269,867	1.76%
Millennium Bank	222,997	1.45%
Mountain Valley Bank	209,037	1.36%
Cadence Bank	202,974	1.32%
Synovus Bank	168,698	1.10%
Bank of Dade	141,918	0.92%
Wells Fargo Bank, National Association	132,077	0.86%
First Financial Bank, National Association	130,368	0.85%
Citizens Bank & Trust. Inc.	96,098	0.63%
United Community Bank	52,055	0.34%
Colony Bank	50,665	0.33%
First Citizens National Bank	39,176	0.26%
First-Citizens Bank & Trust Company	38,010	0.25%
First Jackson Bank, Inc.	31,783	0.21%
JPMorgan Chase Bank, National Association	19,375	0.13%
First Farmers & Commercial Bank	15,783	0.10%
Old National Bank	11,467	0.07%
Wilson Bank and Trust	9,105	0.06%
Number of Institutions in the Market: 30	15,344,326	100%

Source: The Federal Deposit Insurance Corporation, June 30, 2025

TRANSPORTATION SERVICES

The City is one of the region's major transportation hubs. Air transportation services at Lovell Field are provided by the Chattanooga Metropolitan Airport Authority (the "Airport Authority"). Currently, Chattanooga is served by Delta Air Lines, American Airlines, United Airlines, and Allegiant Air, offering flights to Atlanta, Charlotte, Chicago, Dallas, Detroit, Houston, Orlando, Miami, Tampa, Las Vegas, Fort Lauderdale, New York, Washington, D.C., and Punta Gorda. The Airport Authority is currently undertaking several major capital projects. Construction of a second parking garage began in October 2025, with an expected cost of \$34 million and an anticipated completion date of January 2027. The design of a box and t-hangar complex is complete, and construction will begin soon, with an estimated cost of about \$5.4 million. Work has begun on the reconstruction of the apron to the south of the airport terminal, with the goal of providing additional aircraft parking for larger and heavier aircraft. During 2024, passenger flow included 556,958 enplaning passengers and 551,644 deplaning passengers for a total passenger flow of 1,108,602, being the first year to exceed pre-pandemic numbers. Boardings for 2025 are expected to have exceeded 2024 numbers by approximately 12%-14%. General aviation services are provided by Chattanooga Aero, Crystal Air, HessJet, and West Star Aviation; Wilson Air Center serves as the private fixed-base operator. Other nearby airport facilities include Collegedale Municipal Airport,

located in the County. All airport facilities are located near the downtown area of the City and provide services such as aircraft sales, instruction, charter services, fueling, and aircraft maintenance.

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

The City 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 service to and from major metropolitan areas surrounding Chattanooga, such as Atlanta, Birmingham, Knoxville and Nashville.

In addition, channelization of the Tennessee River to a nine-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky, to Knoxville, Tennessee, gives the City the benefits of year-round, low-cost water transportation and a port on the nation's over 16,000 miles of navigable waterways. This system, formed largely by the Mississippi River and its tributaries, effectively links Chattanooga with the Great Lakes in the north and the Gulf of Mexico in the south, with cargo passing through the lock with origin or destination in 17 states. The nearby Tennessee-Tombigbee Waterway cuts the distance to the Gulf of Mexico by 850 miles. Public use port terminals include Englewood Enterprises, Mid-South Terminals and the Centre South Riverport.

HEALTHCARE SERVICES AND FACILITIES

Chattanooga is known as a regional leader in the medical field. In the County, approximately 16% of jobs and 16% of payroll are generated by healthcare, including over 5,368 healthcare providers. Located in the City is 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. Healthcare facilities in the area 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 handicapped. In addition, the Hamilton County Health Department provides services and facilities for the protection and well-being of the public health. Total bed capacity of all hospital facilities in the Chattanooga area is approximately 2,150.

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 1 Trauma Center noted above; 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 emergency departments and 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. Erlanger opened the Kennedy Outpatient Center, which is a three-story, pediatric outpatient building that includes more than twenty pediatric subspecialties. The Erlanger Behavioral Health Hospital, a joint effort between Erlanger and Acadia Healthcare, is a 69,000-square-foot facility, which includes 24 beds for geriatric patients, 24 for adults who have mental health needs, 24 for adults who are also struggling with co-occurring addiction, and 14 for young adults.

CommonSpirit Memorial (formerly CHI Memorial) has several locations in the Chattanooga area, including three hospitals, one imaging center, one community health center, one medical center and two physical therapy centers. CommonSpirit 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; seven cardiac catheterization labs; two interventional labs; one 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, CommonSpirit Memorial offers 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 the treatment. In 2024, CommonSpirit Memorial received Comprehensive Stroke Center Certification. In January 2026, CommonSpirit Memorial opened a new 64-bed hospital in North Georgia.

Parkridge Hospital also has several locations in the Chattanooga area 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 2024, Parkridge announced plans for a new \$72 million patient tower with additional critical care and inpatient rooms. The new patient tower is scheduled for completion in 2026.

Selected information about area hospitals follows:

	Approximate Beds	Approximate Net Revenues	Approximate Employees
Erlanger Medical Center	930	\$500,000,000	6,300
CommonSpirit Memorial Hospital	431	\$512,600,000	3,595
CommonSpirit Memorial - Hixson	80	\$70,100,000	534
Parkridge Medical Center	275	\$295,602,700	744
Parkridge East Hospital	128	\$119,855,078	382
Parkridge Valley Behavioral Health	172	\$50,500,000	137
Parkridge West Hospital (Jasper)	70	\$14,000,000	125

Source: Hospital Annual Reports 2025

Note: CommonSpirit Memorial – North Georgia opened in January 2026 with approximately 64 beds.

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EDUCATIONAL FACILITIES

Chattanooga has a rich heritage in education dating back to the early 1800s when a school was established for the education of the Cherokee. That tradition continues with the Hamilton County Board of Education, which operates traditional public schools, charter schools and magnet programs. One magnet school, The International Baccalaureate World School, is a downtown work-site magnet school that concentrates on classical studies. Another magnet program, the STEM School, emphasizes skills in science, technology, engineering and math. The Collegiate High at Chattanooga State allows students to finish high school while taking college-level courses and simultaneously receiving an associate's degree. There are also various other elementary and secondary educational facilities providing educational opportunities for students within the City and County, including approximately 32 private and parochial schools with a combined private and parochial school enrollment of approximately 11,300 in 2025. Total school locations and 10th day enrollment for the Hamilton County School system for the most recent years available follow:

	2025-2026		2024-2025	
	Locations	Enrollment	Locations	Enrollment
High Schools	12	9,402	13	10,452
Middle - High	9	6,291	8	5,003
Middle Schools	15	6,854	15	7,204
Elementary - High	2	1,277	2	1,247
Elementary - Middle	1	896	1	784
Elementary Schools	41	20,441	41	20,162
Collegiate High School @ Chattanooga State	1	167	1	135
Total	<u>81</u>	<u>45,328</u>	<u>81</u>	<u>44,987</u>

Source: Hamilton County Department of Education

The following universities and colleges are located in the Chattanooga MSA. Enrollment data for Fall 2025 is as follows:

	Fall 2025 Enrollment
Chattanooga College of Medical Dental and Technical Careers ⁽¹⁾	274
Chattanooga State Community College	7,893
Cleveland State Community College	3,078
Covenant College ⁽¹⁾	1,087
Dalton State	5,520
Georgia Northwestern Technical College	8,836
Lee University (Cleveland, TN) ⁽¹⁾	3,714
Southern Adventist University ⁽¹⁾	3,346
University of Tennessee at Chattanooga	12,060

⁽¹⁾ Private institutions

Source: Chattanooga Area Chamber of Commerce or School Representatives.

POLICE AND FIRE PROTECTION

The City has total sworn police personnel numbering approximately 478 and an auxiliary civilian force of 126. Police protection is also provided by the other municipalities and counties throughout the MSA. The City has 447 sworn firefighters who provide fire prevention, firefighting and first-response emergency service to all City residents. The fire department also has a civilian support staff of approximately 16. The City has been

assigned a Class 1 fire insurance rating. Surrounding areas are served by both public and organized volunteer fire departments.

CULTURAL ACTIVITIES AND FACILITIES

Chattanooga has a rich arts scene anchored by The Hunter Museum of American Art—one of the nation’s largest collection of American art. Built in 1904 as a family home, the Hunter Museum became an art gallery in 1952 and houses art from well-known artists, such as Andy Warhol and Thomas Cole. Art in all forms may be found throughout the City, and the City boasts many notable cultural arts facilities, including the renovated art deco Tivoli Theatre, home to the Chattanooga Symphony and Opera, and local and touring dance, theatre, and musical events. Soldiers and Sailors Memorial Auditorium in the City hosts traveling Broadway shows and concerts each year. The Bessie Smith Cultural Center showcases the contributions of African-Americans in the development of Chattanooga, and the Chattanooga Theatre Centre remains one of the best-equipped community theatre facilities in the nation. Public-use spaces, such as the award-winning Coolidge Park, Miller Plaza and Miller Park, host free concerts and exhibits each year. The City’s arts council, ArtsBuild, raises and distributes approximately \$1 million each year to support local arts organizations, educational programs and cultural diversity projects. The Chattanooga Theatre Center annually hosts the Chattanooga Film Festival, recognized by *MovieMaker Magazine* as one of the 25 Coolest Film Festivals in the World.

Originally used as a construction landfill after being donated to the city in 1911 by Mary Thayer Montague, the Sculpture Fields at Montague Park is the largest sculpture park in the Southeast. Reopened in 2016 as an outdoor museum in downtown Chattanooga, the “Fields” is populated with sculptures from all over America. Home to over 50 large-scale sculptures, recent installations include sculptures from Andrew Nigh, John Clement and Ray Katz.

Riverfront Nights, a music series on Saturday nights held on the riverfront throughout the summer, has hosted such artists as Allison Krauss and Union Station, Buddy Guy, Bela Fleck, The Ruen Brothers and Bonnie Bishop. Chattanooga recently hosted the International Bluegrass Music Association’s World of Bluegrass, and the 3 Sisters Bluegrass festival visits the city each October.

RECREATIONAL ACTIVITIES AND FACILITIES

Chattanooga, North America’s first National Park City, enjoys an abundance of natural resources found in few places in the United States. The Tennessee River bisects the City while mountains surround it, providing a multitude of easily accessible outdoor activities, including fishing, hang gliding, camping, rock climbing, rappelling, spelunking, white water rafting, kayaking, canoeing, rowing, and hiking. Chattanooga has hosted the U.S. Pro Cycling Championship and hosts IRONMAN Chattanooga, part of the VinFast IRONMAN North America Series, which races have brought in millions of dollars to the local economy. The Head of the Hooch Regatta is a 2-day rowing regatta held annually in the City on the first full weekend in November. It runs downstream on a 3.1-mile course on the Tennessee River and presently ranks as one of the largest rowing regattas in the United States. As part of its efforts to highlight and enhance its outdoor recreational offerings, the City has established “Outdoor Chattanooga,” a division of the City’s Parks and Outdoors Department focused on augmenting the quality and accessibility of the City’s outdoor recreational activities.

In addition to outdoor activities, Chattanooga is also nationally known for its history and beauty found at its numerous facilities and parks. 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. The Chattanooga Parks system consists of 80 passive and active recreation sites, including Coolidge Park and its historic carousel, the Walnut Street Bridge, 35 playgrounds, dozens of athletic fields, ChattTown SkatePark, three dog parks, numerous tennis courts and pickleball courts. Over 35 miles of hiking trails and greenways provide numerous walking and biking opportunities. Stringers Ridge is a 92-acre urban wilderness park in North Chattanooga overlooking the Tennessee River, featuring easy to moderately technical multi-use trails. The Tennessee Riverwalk is a 14-mile greenway running path along the Tennessee River from Chickamauga Dam to St. Elmo and the South Chickamauga Creek Greenway, featuring 7 miles, many of those boardwalks, along the ripples of the historic South Chickamauga Creek.

The activities and features of the City have been highlighted by various publications over recent years. Some notable recognitions are listed below:

- Featured in numerous publications in 2025, including *Forbes*, *Southern Living*, *Outside*, *Smithsonian* and more, as America's first National Park City celebrating the City's transformation to one of the greenest and most adventurous cities in America
- Named as one of the "Best Adventure Experiences in the U.S." in 2023 by *Travel + Leisure*
- Named by *Outside* magazine as one of the 24 "Best Mountain Towns in the U.S." in 2022 and previously twice named by *Outside* magazine as the "Best Town Ever" based on readers' votes
- Ranked #3 by travel media company, Lonely Planet, in its "Best in the U.S." list in 2018
- Named in 2018 as one of the "10 Best U.S. Mountain Bike Towns with the Lowest Cost of Living" by Singletracks.com
- Named in 2023 as the "Best All-Around City to Retire in the South" by *Southern Living* magazine
- Ranked #8 on *Southern Living*'s "The South's Best Cities 2025"

The City is a frequent destination for rock climbers and mountain bikers, with more rock to climb within a 25-mile radius than Boulder, Colorado and over 100 miles of single-track within 15 miles of downtown. Additionally, it is an hour from the Ocoee River, which was the site of the whitewater canoe and kayak events during the 1996 Olympic Games. The Middle Ocoee is the most popular and commercially rafted whitewater river in the country, seeing on average over 200,000 commercial rafting guests and 10,000 private boaters annually.

The City is also world-renowned for training hang gliding pilot hopefuls at the Lookout Mountain Flight Park and Training School. People from all over the world come to learn at the facility, and the school graduates more pilots than any other school in the world. The City is additionally home to (i) the deepest commercial cavern and tallest underground waterfall open to the public in the U.S., (ii) the first and largest national military park, Chickamauga and Chattanooga National Military Park, and (iii) Walnut Street Bridge, one of the world's longest pedestrian bridges, which was erected in 1891, is 2,376 feet long and has been preserved for the enjoyment of thousands yearly.

Other Chattanooga recreational opportunities include the Bike Chattanooga Bike Transit System, AT&T Field (home of the Class AA Chattanooga Lookouts, a minor league baseball team), and the Chattanooga Zoo. As provided in Part I of the Official Statement, in 2024, the Sports Authority of the County of Hamilton and the City of Chattanooga, Tennessee, issued bonds to finance a new multi-use sports and entertainment stadium, named Erlanger Park, to be located in the South Broad area of the City and which stadium will be the new home of the Chattanooga Lookouts. Stadium construction is intended to be completed by 2026. The stadium is intended to be part of an overall revitalization of the South Broad district and also a venue for numerous other events and entertainment. Once the revitalization efforts are completed, the South Broad district is anticipated to include new housing, commercial space for small businesses and new public green spaces and trails.

Also located in the City and surrounding area are the Summit of Softball complex and Warner Park, which have hosted the USA Softball, United States Specialty Sports Association, and the National Softball Association major tournaments. Since the opening of the Summit of Softball in 2009, the Summit and Warner Park have generated an estimated \$79.5 million in economic impact to the Chattanooga area. Chattanooga also offers other tournament-quality facilities that attract numerous sports, such as tennis. The City's Champions Club tennis tournaments have brought in an estimated economic impact of \$10 million since 2012. The Summit of Softball, Warner Park and Champions Club facilities alone have generated over \$154 million in economic impact for the City since 2021. The City has also secured bids to host the NCAA Division II National Softball Championship, the National Junior College Division II championship, and the Athletes Unlimited, which is a national professional women's softball league. Numerous upgrades were made to Frost Stadium and the Warner Park fields in 2023 that totaled almost \$2 million dollars. Upgrades included the following: the addition of a state-of-the-art jumbotron LED scoreboard, the upgrade of existing sports lighting to LED, the transition to artificial turf for Frost Stadium and two additional fields, the addition of a new outfield and backstop padding, and the addition of new furniture for suites. The improvements were made to permit the City to host events held by the National Collegiate Athletic Association, National Junior College Athletic Association and various pro teams.

The Charles H. Coolidge National Medal of Honor Heritage Center opened in the City in February 2020. The 19,000-square-foot facility is located near the Tennessee Aquarium in downtown Chattanooga and features 14 permanent displays. This museum attempts brings to life the history of the nation's highest military award with exhibits and technology that enable visitors to visualize and experience the events of the battlefield.

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 SkatePark, a lighted outdoor park of skateboards, BMX bikes and inline skating, and the First Horizon Pavilion, which is the 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.

The City'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 City is developing a Parks and Outdoors Plan ("POP") that will offer a road map and path forward to reinvent Chattanooga as a city in a park, where a system of parks and protected open spaces connect people to each other, where all neighborhoods have parks, and where nature and its benefits are integrated throughout the city. The POP is a high-level document, the first comprehensive plan that Chattanooga has had in 25 years. The City is also in the final stages of creating a recreation plan, bringing recreational access to communities for many years to come.

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DEMOGRAPHIC TRENDS

The City, largely reflecting annexations, had a substantial expansion of its area and its population during the 1970s. Population and growth trends since 1960 are shown in the following table:

Census Year	Census Area	City of Chattanooga	Hamilton County	State of Tennessee	United States	Decennial % Change			
						City	County	State	US
1970	52.5	119,923	255,077	3,926,018	205,050,000	(7.8)	7.2	10.1	13.3
1980	126.9	169,565	287,740	4,591,120	227,220,000	41.4	12.8	15.9	11.4
1990	126.9	152,466	285,536	4,877,855	249,620,000	(10.1)	(0.8)	6.2	9.8
2000	126.9	155,554	307,896	5,689,283	282,160,000	2.0	7.8	16.6	13.1
2010	137.2	171,349	336,463	6,346,105	309,340,000	7.8	9.3	11.5	9.7
2020	143.2	181,099	366,207	6,910,840	331,449,281	8.2	8.8	6.7	7.4
2024	143.2	187,030	386,256	7,227,750	340,110,988				

Source: www.census.gov.

PER CAPITA PERSONAL INCOME AND MEDIAN AGE (CHATTANOOGA MSA)

Fiscal Year	Per Capita Income (\$)	Median Age
2016	39,744	39.5
2017	41,696	40.1
2018	42,437	39.6
2019	44,176	40.3
2020	45,844	40.4
2021	47,669	39.6
2022	50,292	39.4
2023	53,797	36.3
2024	56,016	37.2
2025	58,813	37.2

Source: City Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025. Per Capital Income statistics were sourced by the City from the U.S. Department of Commerce and Bureau of Economic Analysis. Median age statistics were sourced by the City from the U.S. Census Bureau.

HOUSING UNITS – CITY OF CHATTANOOGA

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u> ⁽¹⁾	<u>2020</u>	<u>2024</u> ⁽²⁾
Total Housing Units	66,630	69,562	71,953	81,046	85,266	89,451
Owner Occupied	52.4%	40.5%	40.4%	53.6%	45.7%	47.3%
Median value of Owner-Occupied Housing	\$33,300	\$54,483	\$83,742	\$126,500 ⁽²⁾	\$174,900 ⁽²⁾	\$323,700

Sources: United States Census; Chattanooga Chamber of Commerce

⁽¹⁾ Source: Chattanooga Chamber of Commerce.

⁽²⁾ Source: www.census.gov. American Community Survey 5-Year Estimates. Total Housing Units are from Chattanooga, TN American Community Survey 1-Year Estimates.

BUILDING PERMITS ISSUED

Calendar		
<u>Year</u>	<u>Valuation (\$)</u>	<u>Number</u>
2015	650,213,959	2,196
2016	621,280,264	2,655
2017	674,712,821	2,780
2018	529,994,995	2,859
2019	453,208,529	1,856
2020	397,000,000	2,872
2021	776,491,251	2,806
2022	1,149,948,201	2,467
2023	895,955,346	2,293
2024	322,761,710	1,372

Valuation is based on current industrial average as published by the Southern Building Code Congress International.

Source: City of Chattanooga Land Development Office.

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EFFECTIVE BUYING INCOME

As of 2025, Metropolitan Chattanooga is the 100th largest population center in the nation and ranks 99th largest in total effective buying income (as shown below in dollars).

<u>Chattanooga</u>				<u>Chattanooga MSA</u>		
<u>Year</u>	<u>Net Dollars (\$000)</u>	<u>Per Capita</u>	<u>Average Per Household</u>	<u>Net Dollars (\$000)</u>	<u>Per Capita</u>	<u>Average Per Household</u>
2016	3,944,880	22,152	52,047	12,459,490	22,671	56,610
2017	4,023,323	22,404	52,520	12,620,752	22,825	56,934
2018	4,340,612	23,912	55,882	13,448,984	24,135	60,066
2019	4,410,045	24,050	56,213	13,896,184	24,697	61,468
2020	4,839,359	26,267	61,217	15,178,929	26,780	66,610
2021	5,246,576	28,291	65,917	15,684,676	27,459	69,055
2022	5,792,092	30,818	71,749	17,375,722	30,041	74,634
2023	5,788,963	31,307	73,585	17,380,414	30,389	75,725
2024	6,215,667	32,942	77,200	18,946,288	32,577	81,075
2025	7,099,528	36,906	86,477	20,967,250	35,444	88,141

Source: Claritas, Inc.

MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Chattanooga MSA	42,988	43,819	45,899	45,531	48,112	50,836	55,913	56,666	61,076	65,579
Tennessee	41,940	42,348	45,579	46,712	49,483	49,886	56,989	58,181	61,623	63,929
United States	46,738	48,043	50,735	52,841	55,303	56,790	64,448	65,326	67,876	69,687

Source: Claritas, Inc.

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RETAIL SALES GROWTH

<u>Year</u>	<u>Chattanooga (\$000)</u>	<u>Hamilton County (\$000)</u>	<u>Chattanooga MSA (\$000)</u>
2016	5,453,159	7,173,422	9,434,781
2017	5,297,361	6,811,164	8,980,105
2018	4,764,621	6,451,922	8,500,844
2019	5,815,049	7,700,889	10,082,128
2020	5,944,131	7,856,449	10,294,655
2021	6,429,782	8,571,086	11,011,707
2022	7,062,876	9,359,265	11,978,194
2023	8,501,646	11,151,308	14,167,513
2024	7,583,392	9,938,066	12,788,012
2025	10,454,665	12,934,522	16,509,505

Source: Claritas, Inc.

EMPLOYMENT AND UNEMPLOYMENT STATISTICS

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

<u>MSA Civilian Labor Force</u>				<u>Civilian Labor Force % Unemployed</u>		
<u>Year</u>	<u>Total</u>	<u>Employed</u>	<u>Unemployed</u>	<u>MSA</u>	<u>TN</u>	<u>U.S.</u>
2015	253,595	239,502	14,093	5.6	5.8	5.3
2016	260,695	247,310	13,385	5.1	5.0	4.9
2017	266,275	255,822	10,453	3.9	3.5	4.4
2018	270,586	261,002	9,584	3.5	3.5	3.9
2019	280,160	269,312	10,848	3.9	3.5	3.7
2020	272,876	255,207	17,669	6.5	7.5	8.1
2021	271,710	260,947	10,763	4.0	4.5	5.3
2022	274,046	264,994	9,052	3.3	3.4	3.6
2023	285,839	277,149	8,690	3.0	3.2	3.6
2024	291,583	282,272	9,311	3.2	3.4	4.0

Source: U.S. Bureau of Labor Statistics - www.bls.gov (Data is subject to later revision by the U.S. Bureau of Labor Statistics).

LARGEST EMPLOYERS IN THE CHATTANOOGA AREA

The largest employers within the Chattanooga area in the manufacturing and non-manufacturing sectors in 2024 are listed in the below tables.

TOP NON-MANUFACTURERS

<u>Employer</u>	<u>Number of Full-Time Employees</u>	<u>Type of Product / Service</u>
Erlanger Health System	5,994	Health System
Hamilton County Dept. of Education	5,781	Elementary & Secondary Schools
BlueCross BlueShield of Tennessee	4,145	Healthcare Financing
Tennessee Valley Authority	3,857	Utility - Electric Service
CHI Memorial	3,722	Healthcare
Unum	3,082	Insurance
City of Chattanooga	2,372	Government
Hamilton County Government	1,945	Government
Cigna Health Care	1,513	Health Services
The University of TN at Chattanooga	1,475	University
Amazon.com LLC	1,472	Distribution Center
Parkridge Medical Center, Inc.	1,448	Healthcare - Hospital

Source: Chattanooga Area Chamber of Commerce Major Employers List (includes self-reported information).

TOP MANUFACTURERS

<u>Employer</u>	<u>Number of Full-Time Employees</u>	<u>Industry</u>
Volkswagen Chattanooga	5,239	Automobiles
McKee Foods Corporation	3,171	Cakes & Cookies
Roper Corporation	2,541	Cooking Products
Astec Industries, Inc.	1,847	Asphalt & Construction Equip.
Gestamp Chattanooga (All Facilities)	1,239	Auto Metal Stamping & Welded Assemblies
U.S. Xpress Enterprises, Inc.	853	Transportation Services
Miller Industries Towing Equipment	794	Towing Equipment and Machinery
Opella	700	Health & Beauty Products
Southern Champion Tray	617	Folding Cartons and Containers
Chattanooga Coca-Cola Bottling	576	Soft Drink Bottler/Cans
Lodge Manufacturing	550	Cast Iron Cookware and OEM Gray Iron
Mueller Company	497	Gate Valve and Iron Foundry

Source: Chattanooga Area Chamber of Commerce Major Employers List (includes self-reported information).

FINANCIAL ANALYSIS

ACCOUNTING SYSTEM

The City's financial records for Governmental Funds are maintained on a modified accrual basis of accounting. Under this method of accounting, revenues are recognized when 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 are recorded as liabilities when incurred. The accrual basis of accounting is utilized for Government-wide, Proprietary, Fiduciary, and Component Unit Financial Statements. Revenues are recognized when earned, and expenses are recognized when incurred.

Tennessee state law requires an audit of the financial records and transactions of all City functions. The City of Chattanooga is audited annually by independent certified public accountants selected by the Audit Committee; the financial statements have received an unmodified "clean" opinion from the auditors. Such an opinion indicates 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. Additionally, an independent Division of Internal Audit exists in the City, which provides support by reviewing and appraising 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 City for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This is the thirty-third consecutive year that the City has received the award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for the 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 a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting has been received for each of the thirteen years it has been published.

The City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2024. To qualify for the award, the City must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. Like the Certificate of Achievement for Excellence in Financial Reporting, this award is valid for a period of one year only. The City of Chattanooga has received the GFOA's Award for Distinguished Budget Presentation for its comprehensive annual budget report for each of the thirty-one years for which it applied.

FISCAL YEAR

The fiscal year is from July 1 through June 30.

BUDGETARY PROCEDURES

The City administration annually prepares a plan of services for the upcoming fiscal year and the estimated cost of providing these services.

Each year city departments are challenged to review every assumption about the way the government conducts business. Administrators are asked how all City resources can be used to drive solutions in various functional areas and are encouraged to collaborate among departments to develop innovative ways to deliver services more efficiently and effectively. Accountability, which is key in carrying out the goals and objectives set by the administration as communicated by the people, is monitored monthly in budget and performance meetings.

Strong fiscal position is an underlying goal that ensures the City's sustainability and the achievement of citizen priorities. The annual budget serves as the foundation for this strong fiscal position by providing financial planning and control. The annual financial planning process begins in October of each year. During the months of May and June, advertised public hearings are held with the City Council where citizens are encouraged to comment on the budget prior to passage. Prior to July 1, the City adopts a budget for the upcoming fiscal year.

After the budget ordinance is adopted, the Council can increase the budget only if actual receipts exceed the estimates or from accumulated surplus. Budget control is maintained by recording encumbrances as purchase orders are issued. Monthly financial reports, which compare actual performance with the budget, are presented to the Council, allowing the Council to review the financial status and measure the effectiveness of budgetary controls. Open encumbrances are reported as reservations of fund balance at fiscal year-end. All unencumbered and unexpended appropriations lapse at fiscal year-end for operations funds. The budget is adopted on a departmental basis; the legal level of budgetary control is the fund level. The City Finance Officer may make interdepartmental transfers within funds while transfers of appropriations between funds require the approval of the City Council. Formal budgets are adopted for the General Fund, Capital Projects Funds, the Debt Service Fund, Proprietary Funds, and for a majority of the Special Revenue Funds.

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BUDGET FOR 2026

A summary of the Undesignated General Fund approved budget for fiscal year 2026 is as follows:

General Fund - Approved Budget for Fiscal Year Ending June 30, 2026

Revenue Estimates

Real and Personal Property Taxes	\$241,097,000	61.35%
Local Option Sales Tax - General Fund	72,867,000	18.54%
Other Local Taxes	20,757,000	5.28%
State Sales Taxes	22,573,000	5.74%
Revenue from Other Agencies	10,103,000	2.57%
Licenses and Permits	7,532,000	1.92%
Service Charges for Current Services	4,230,647	1.08%
State Income Taxes	-	0.00%
Fines, Forfeitures & Penalties	477,000	0.12%
Use of Money and Property	6,754,000	1.72%
Miscellaneous	6,586,000	1.68%
Planned use of Undesignated Fund Balance for capital	-	0.00%

Total Revenues	\$392,976,647	100.00%
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Appropriations

General Government & Supported Agencies	\$92,109,778	23.44%
Executive Branch	8,222,925	2.09%
Department of Finance & Administration	8,090,167	2.06%
Department of Human Resources	3,005,659	0.76%
Department of Community Development	15,049,487	3.83%
Department of Police	98,501,386	25.07%
Department of Fire	80,351,344	20.45%
Department of Public Works	51,687,215	13.15%
Department of Parks & Outdoors	19,701,622	5.01%
Department of Early Learning	3,344,191	0.85%
Department of City Planning	619,699	0.16%
Department of Economic Development	12,293,174	3.13%

Total Appropriations	\$392,976,647	100.00%
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Source: Fiscal Year 2026 Operating Ordinance #14239 & Amendment #14271 & Amendment #14280

CASH MANAGEMENT

The City strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure efficient and profitable use of the City's cash resources. State statutes, however, restrict the City's ability to incorporate as policy many investment methods. Cash temporarily idle during the year is invested in commercial banks, certificates of deposits, the local government investment pool and various instruments guaranteed by the United States Government or its agencies.

GENERAL GOVERNMENT FUNCTIONS

The following schedules present a summary of combined revenues and other financing sources of the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund (expressed in thousands) for the fiscal year ended June 30, 2025, and the amount and percentage of increases or decreases in relation to the prior fiscal year.

Revenues	Amount (\$000)	Percent of Total	Increase (Decrease) Amount	Percent Change
Property Taxes	\$ 183,330	33.52%	\$ (8,386)	-4.37%
Other Local Taxes	\$ 33,461	6.12%	\$ (175)	-0.52%
Licenses and Permits	\$ 8,620	1.58%	\$ 814	10.42%
Intergovernmental	\$ 182,913	33.45%	\$ 7,647	4.36%
Charges for Services	\$ 5,426	0.99%	\$ (211)	-3.74%
Fines, Forfeitures and Penalties	\$ 2,786	0.51%	\$ 941	50.97%
Investment Earnings	\$ 18,761	3.43%	\$ 525	-2.88%
Miscellaneous	\$ 9,484	1.73%	\$ (2,537)	-21.11%
Transfers	\$ 101,394	18.54%	\$ 47,250	87.27%
Leases and SBITAs	\$ 672	0.12%	\$ (3,215)	-82.70%
Debt Issued	\$ -	0.00%	\$ (45,263)	-100.00%
Total Revenues and Transfers In	\$ 546,847	100.00%	\$ (2,610)	-0.48%

Source: City of Chattanooga

As illustrated in the table above, property tax revenues of the City in fiscal year 2025 decreased by approximately \$8.4 million or 4.4% over the prior fiscal year, primarily due to the reclassification of a Payment in Lieu of Taxes (PILOT) from EPB of \$7.4 million. In fiscal year 2024, this amount was classified as PILOT revenue, but in fiscal year 2025, it was reclassified as an interfund transfer-in as EPB is owned by the City and is represented in the City's ACFR as a separate Enterprise Fund.

Revenue from other local taxes in fiscal year 2025 saw a very minimal decrease of \$175,000 or 0.5% over the prior fiscal year.

Revenue from licenses and permits saw an increase of \$814,000 or 10.4% over the prior fiscal year, primarily due to a \$451,000 or 15.0% increase in building permits and a \$272,000 or 55.9% increase in plan checking fees.

Intergovernmental revenue saw an increase of \$7.6 million or 4.4% in fiscal year 2025 over the prior fiscal year. This is largely due to an increase in Federal funding, which rose by \$5.6 million or 34.2% from the prior fiscal year. Other increases in intergovernmental revenue include an increase in local option sales tax revenue of \$1.1 million or 1.5% and an increase in State sales tax revenue of \$1.1 million or 3.9%.

Revenue resulting from charges for services saw a minimal decrease of \$211,000 or 3.7%, primarily due to a decrease in special program funding of \$130,000 or 3.8%.

Revenue from fines, forfeitures and penalties increased by \$941,000 or 51.0%, primarily due to an increase in speeding and red-light camera fines.

Investment earnings saw an increase of \$525,000 or 2.9% due to favorable market conditions during fiscal year 2025.

Miscellaneous revenue decreased by \$2.5 million or 21.1% over the prior fiscal year, primarily due to a decrease in program income for the City's Department of Community Development of \$2.3 million or 80.5%.

Additionally, monies constituting transfers-in increased by \$47.3 million or 87.3% primarily due to an increase in capital funding in fiscal year 2025 versus fiscal year 2024.

The amount and changes in levels of expenditures and other financing uses (expressed in thousands) for major functions of the City for the fiscal year ended June 30, 2025, and the amount and percentage of increases or decreases in relation to the prior fiscal year are shown in the table below.

<u>Expenditures</u>	<u>Amount</u> <u>(\$000)</u>	<u>Percent of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>Amount</u>	<u>Percent</u> <u>Change</u>
General Government	\$ 108,672	18.29%	\$ 11,137	11.42%
Economic & Community Development	\$ 28,830	4.85%	\$ 3,854	15.43%
Public Safety	\$ 158,801	26.72%	\$ 12,371	8.45%
Public Works	\$ 53,614	9.02%	\$ 6,161	12.98%
Parks and Outdoors	\$ 19,902	3.35%	\$ 1,078	5.73%
Early Learning	\$ 19,006	3.20%	\$ 660	3.60%
Capital Outlay	\$ 83,363	14.03%	\$ 45,366	119.40%
Debt Service	\$ 28,008	4.71%	\$ 391	1.41%
Transfers Out	\$ 94,025	15.82%	\$ 39,881	73.66%
Total Expenditures and Transfers Out	\$ 594,221	100.00%	\$ 120,900	25.54%

Source: City of Chattanooga

As illustrated in the table above, for fiscal year 2025, City expenditures increased by approximately \$120.9 million or 25.5% from the prior fiscal year.

Personnel costs, which includes salaries and benefits, increased by \$28.7 million or 13.3%. This increase was largely due to a fiscal year 2025 budget amendment that appropriated \$18 million for a one-time payment to the Fire and Police Pension Fund to help decrease the fund's liability. Also, in fiscal year 2025, the City implemented phase two of a new pay plan that resulted in salaried employees receiving raises based on their years of service.

Operations costs increased by \$52.3 million or 25.7% over the prior fiscal year. This increase was largely due to an increase in spending for capital projects, which saw an increase of \$45.5 million or 120.0% from the prior fiscal year. That increase is due in part to a one-time infusion of \$20 million in affordable housing initiatives. The additional increase in capital project expenditures primarily reflects the progression of several multi-year infrastructure initiatives and continued investment in public infrastructure and facility improvements.

Additionally, monies constituting transfers-out increased by \$39.9 million or 73.7% over the prior fiscal year. This was due to an increase in appropriation of funds for capital projects of \$39.1 million or 150.6%, which included an additional \$11.9 million appropriation from the budget amendment.

GENERAL FUND CURRENT OPERATIONS – FISCAL YEAR 2025

The General Fund total fund balance decreased by 16.7% or \$32.0 million to \$159.6 million during fiscal year 2025. The unassigned fund balance for fiscal year 2025 was \$30.6 million, a decrease of \$122.4 million or 80.0% from fiscal year 2024. During fiscal year 2025, there was a \$65.0 million planned use of fund balance, which included a \$30.0 million budget amendment, for pay-as-you-go capital and economic development incentives. Also, in fiscal year 2025, the City raised the General Fund Unrestricted Fund Balance minimum target amount from 15% to 20% of the City's annual General Fund revenues and designated this amount as Assigned Fund Balance.

Revenues in fiscal year 2025 exceeded budget by \$16.7 million or 4.5%. The largest variance is \$11.7 million or 8.7% in intergovernmental revenue, which includes a surplus of \$6.4 million in State sales tax and a surplus of \$2.5 million local option sales tax. Total tax revenue for fiscal year 2025 came in under budget by \$6.0 million or 2.8%, mainly due to the above-described reclassification of a PILOT payment from EPB of \$7.4 million. Investment income exceeded budget by \$7.7 million due to a rise in market interest rates from prior years that remained mostly steady in fiscal year 2025. Fines, forfeitures and penalties came in over budget by \$1.0 million or 57.6%, largely due to an increase in speeding and red-light camera fines from the prior fiscal year.

Total expenditures came in under budget by \$11.7 million or 3.2%. Personnel costs were under budget by \$11.0 million or 4.7%. Operational costs were slightly under budget by \$637,000 or 0.5%.

CHANGES IN GOVERNMENTAL FUNDS' FUND BALANCES

A ten-year analysis of change in fund balances, expressed in thousands, is shown below for fiscal years 2016 through 2025.

Fiscal	General	Special	Debt	Capital	Permanent
Year	Fund	Revenue	Service	Projects	Fund
	Fund	Funds	Fund	Fund	Fund
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
2016	82,843	18,047	2,162	61,573	4,545
2017	101,406	20,905	1,778	55,695	5,032
2018	110,141	19,724	2,990	60,040	5,321
2019	109,443	17,192	3,049	66,005	5,552
2020	103,942	21,618	2,119	85,779	5,790
2021	128,221	23,000	2,394	82,591	7,225
2022	143,317	27,694	2,671	93,465	6,213
2023	158,285	31,761	3,049	94,250	6,789
2024	191,631	33,826	3,244	133,933	7,635
2025	159,609	31,895	3,687	119,301	8,403

Source: City of Chattanooga

ENTERPRISE OPERATIONS – FISCAL YEAR 2025

The City maintains five enterprise operations as part of the primary government and a blended component unit. Combined total assets and deferred outflows of resources at June 30, 2025, were \$2.5 billion and operating revenues for fiscal year 2025, were \$1.0 billion. A brief discussion of the operations follows:

EPB, a separate administrative agency of the government, exercises exclusive control and management of the electric system. It is the sole distributor of the electric power within the boundaries of the City and County (587 square miles) and is also a telecommunications provider. It accounts for 83% of the total enterprise operating revenues.

The Wastewater System provides sewer services on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to provide for debt service, operating expenses and adequate working capital. The strong commercial, industrial and residential growth in the City, along with increased federal

mandates, has necessitated ongoing expansion of the Wastewater System. To illustrate, property, plant and equipment in 1976 totaled \$68.8 million compared to \$686.2 million in 2025. The Wastewater System had a total net position of \$654.4 million for the year ended June 30, 2025, which was an increase of \$55.7 million from the prior year.

The Solid Waste Fund was established in accordance with State mandate during fiscal year 1994 to account for the operations of the City's landfill operations. Landfill fees are charged to commercial customers for use of the landfill, while the costs of the City's landfill needs are financed through the General Fund. Accruals are made each year for closure and post-closure care costs as required by federal regulations; \$11.9 million is currently invested to meet these future costs. The fund has a net position of \$16.5 million for the year ended June 30, 2025, which was a slight increase from the prior year.

The Stormwater Fund accounts for the operations of the City's stormwater management program as mandated by the Environmental Protection Agency and the State. The program is designed to produce revenues sufficient to cover their debt service, operating expenses and adequate working capital. Since the inception of this program in 1994, investment in property, plant and equipment has grown to \$65.2 million. The program had a total net position of \$175.6 million for the year ended June 30, 2025, which was an increase of \$18.7 million from the prior year.

Tennessee Valley Regional Communications System was established in fiscal year 2016 to account for a regional communications system that services a multi-county/multi-state region. The program has \$6.8 million in net position for the year ended June 30, 2025.

The Chattanooga Downtown Redevelopment Corporation ("CDRC") is included in the primary government as a blended component unit. The CDRC accounts for lease rental revenue bonds for the construction of the Chattanooga Hotel, the Development Resource Center, Convention Center expansion, and a parking garage. In October 2018, the CDRC opted to sell the Chattanooga Hotel to a private developer for \$27 million and the portion of the debt related to the hotel was defeased. In March 2023, the debt service reserve requirement for the remaining outstanding bonds was reduced by \$6.1 million, and those monies released from the debt service reserve fund were used to reduce the outstanding debt. CDRC had a net position of \$17.5 million for the year ended June 30, 2025.

REVENUES GENERALLY

The City derives its revenues from a direct tax levy on real and personal property, sales tax, fees and grants, and shared revenues from the State and Federal governments. Property taxes on real and personal property typically account for over 50% of all revenues available to the General Fund. A description of each major revenue category follows:

- Taxes - These include ad valorem property taxes, the levy of which is without legal limit. For a discussion of this tax, see "Property Tax" herein. They also include sales tax—a local option sales tax is collected at the rate of 2.25% 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 currently levied, in accordance with State law, only on the first \$3,200 with the tax on the first \$1,600 to the local government and the 2nd \$1,600 to the State applied on a per-item basis.
- Intergovernmental - Under this revenue category are payments to the City by other public divisions (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 City.
- Fines, Forfeitures and Penalties - These include fines, forfeitures and penalties which are obligations imposed by the courts and law enforcement agencies.
- Investment Earnings - Interest on investments.
- Miscellaneous - Includes commissions and fees collected by certain officials for certain activities of the City; contributions from individuals and citizens groups; proceeds from confiscation of property; compensation for loss, sale or damage to property; and miscellaneous.

PROPERTY TAX

The City is authorized to levy a tax on all property within the City without limitation as to rate or amount. All real and personal property within the City is assessed in accordance with the State constitutional and statutory provisions by the County Property Assessor except most utility property, which is assessed by the State Public Service Commission. 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 City one year after taxes are delinquent.

State law mandates that after June 1, 1989, all property in the State will be re-appraised 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 division of property assessments and approved by the State Board of Equalization. This 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 reevaluation of all such property in the year following the 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-valuations 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 revaluation 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 is 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 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 downward 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 prior to the 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%; Commercial and Industrial, 40%; Utilities, 55%; Personal Property, 30%.

The charts set forth below describe the assessed and estimated actual value of taxable property within the City for the last ten fiscal years and the property tax levies and collections for the last ten fiscal years. Reductions in tax rates in any fiscal year are due to reappraisals of all property in Hamilton County to 100 percent market value.

Although a property reappraisal, effective for fiscal year 2014, would have raised the City's tax rate to \$2.3139, the City Council voted to leave it at the \$2.309 rate. In fiscal year 2018, another reappraisal year, the City dropped the rate to \$2.277, and it remained at this rate through fiscal year 2021. Calendar year 2021 was an appraisal year. For fiscal year 2022, the City Council approved a property tax rate of \$2.25, an increase of \$0.39 over the certified rate of \$1.8529, but a \$.027 decrease from the previous year's rate. This stability is largely due to economic growth in the area. The rate of \$2.25 has remained in effect for fiscal years 2023, 2024 and 2025. In calendar year 2025, another appraisal year, the City's rate was lowered to \$1.55 but was raised to \$1.93 by the City Council, which will be effective starting in fiscal year 2026.

Property taxes: Assessed and actual values and tax levies and collections:

Property Values	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actual Values:(in Millions)										
Real Property	13,839	14,103	16,112	16,512	16,880	17,153	21,647	22,113	22,718	23,364
Personal Property	1,825	1,920	1,988	2,029	2,277	2,321	2,410	2,582	2,861	2,950
Public Utilities	589	595	416	424	400	426	490	530	391	409
	16,253	16,618	18,516	18,965	19,557	19,900	24,547	25,225	25,970	26,723
Assessed Values:(in Millions)										
Real Property	4,353	4,439	5,093	5,186	5,315	5,402	6,777	6,923	7,106	7,226
Personal Property	531	559	596	609	615	626	724	776	661	666
Public Utilities	227	228	229	233	220	234	270	292	215	225
	5,111	5,226	5,918	6,028	6,150	6,262	7,771	7,991	7,982	8,117
Property Tax Rates										
Hamilton County	2.77	2.77	2.77	2.77	2.77	2.24	2.24	2.24	2.24	2.24
City of Chattanooga	2.31	2.31	2.28	2.28	2.28	2.25	2.25	2.25	2.25	2.25
Levy and Collections (in Thousands)										
Tax Levy	118,014	120,666	134,749	137,314	140,036	142,595	174,591	179,583	178,439	182,492
Current Collections	112,528	116,367	128,785	130,780	133,370	136,720	166,770	171,774	170,540	171,953
Percent of Levy	95.4%	96.4%	95.6%	95.2%	95.2%	95.9%	95.5%	95.7%	95.6%	94.2%
Delinquent Collections	5,041	4,748	4,749	4,465	4,002	5,435	4,351	5,048	5,438	4,406
Total Collections	117,569	121,115	133,534	135,245	137,372	142,155	171,121	176,822	175,978	176,359
Percent of Levy	99.6%	100.4%	99.1%	98.5%	98.1%	99.7%	98.0%	98.5%	98.6%	96.6%
Outstanding Delinquent Taxes	11,764	10,614	10,546	10,678	11,125	9,758	10,999	11,832	12,181	9,638
Percent of Levy	10.0%	8.8%	7.8%	7.8%	7.9%	6.8%	6.3%	6.6%	6.8%	5.3%

Source: Annual Comprehensive Financial Reports of the City of Chattanooga, Tennessee; City of Chattanooga.

Note: Property reappraisals were performed in fiscal years 2014, 2018, and 2022, resulting in an increase in property values.

PAYMENTS IN LIEU OF TAXES

Below is a table showing payments in-lieu-of taxes received by the City from EPB, TVA and other sources, from fiscal years 2016 through 2025. The property tax levy amounts provided in the above table do not include the following payments in-lieu-of taxes.

FY	EPB	TVA	Other	Total
2016	\$6,908,868	\$2,010,675	\$2,394,204	\$11,313,747
2017	6,837,416	1,934,875	5,100,311	13,872,602
2018	7,044,573	1,944,355	2,000,827	10,989,755
2019	7,347,051	2,028,615	2,477,375	11,853,041
2020	7,618,149	2,105,311	2,691,328	12,414,788
2021	7,192,927	1,959,629	3,005,477	12,158,033
2022	7,401,739	1,923,319	2,984,607	12,309,665
2023	8,487,420	2,220,418	3,445,996	14,153,834
2024	8,569,414	2,262,401	3,048,753	13,880,568
2025	7,075,432	2,257,486	3,121,827	12,454,745

Source: City of Chattanooga

The County Assessor certifies new assessments around September of each year. The Public Service Commission certifies utilities' assessments in January of each year. Pursuant to the Municipal Electric System Tax Equivalent Law of 1987, EPB certifies its valuation for payments in lieu of taxes pursuant to a formula of tax equivalents specified in Tennessee Code Annotated Sections 7-52-301 to 7-52-310, known as the Municipal Electric System Tax Equivalent Law of 1987. From 2006 through 2012, in-lieu-of tax payments from EPB were recorded as transfers between governmental activities and business-type activities. From 2013 through 2024, they were reported as revenue for payments in-lieu-of tax. As previously noted, beginning in 2025, in-lieu-of tax payments from EPB are once again being recorded as transfers between governmental activities and business-type activities. For purposes of this disclosure, they are all included as in-lieu-of tax payments. In 2017, Alstom Power paid a settlement of \$3,327,222 for failing to fulfill the provisions under their payment in-lieu-of tax agreement.

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PRINCIPAL TAXPAYERS

The following are the ten largest taxpayers in the City for fiscal year 2025.

Taxpayer (1)	Business	2025 Assessment (2)	% of Assessed Valuation	City Tax
Electric Power Board	Municipal Electric Utility	327,506,489	4.08%	7,368,896
Tennessee Valley Authority (Computer Center)	Land Development/Leasing	100,332,703	1.25%	2,257,486
CBL & Associates	Insurance/Leasing	94,147,155	1.17%	2,118,311
CS1031	Land Development/Leasing	65,571,960	0.82%	1,475,369
Gestamp Chattanooga, LLC	Automotive Engineering	61,348,120	0.76%	1,380,333
Tennessee-American Water Co.	Water Utility	52,229,199	0.65%	1,175,157
BlueCross BlueShield	Insurance	46,741,780	0.58%	1,051,690
Unum/Provident	Insurance/Leasing	37,020,320	0.46%	832,957
AGL Resources - Chattanooga Gas	Gas and Electric Utility	30,668,557	0.38%	690,043
Cole ID Chattanooga	Land Development/Leasing	27,731,640	0.35%	623,962
Total for Ten Largest Taxpayers		843,297,923	10.50%	18,974,204
All Other Taxpayers		7,190,062,880	89.50%	161,776,415
Total for All Taxpayers		8,033,360,803	100.00%	180,750,619

(1) Property taxpayers includes both property taxes and payments in-lieu of taxes.

(2) Payments in-lieu-of taxes are included in the assessment amount.

Source: The City Treasurer

HOTEL-MOTEL OCCUPANCY PRIVILEGE TAX

The City and County are authorized by law to levy taxes on the occupancy of hotel and motel rooms by transients. In February 1981, the County levied a 3% hotel occupancy privilege tax pursuant to the Private Acts of 1980, Chapter 905 as amended. This tax was increased to 4% in July 1988.

Enacted legislation granted the City the authority to levy a privilege tax on the occupancy of hotel/motel rooms by transients. Pursuant to Section 67-4-1401, *et seq.*, Tennessee Code Annotated, as amended, and City Ordinance #11303, the City levied such a tax. The rate was phased in beginning October 2002 at 2%, increasing to 3% in October 2003, with the current rate of 4% effective May 2005. The City tax is being used to fund tourism and tourism infrastructure.

Over 90% of the revenue for the County tax is collected from hotel operators within the City. Both the City and County taxes are filed on a consolidated return and collected by the County Trustee. City tax collections mirror the County collections. The average increase has been 8.75% over the past 5 years. The largest annual decrease was in fiscal year 2020 due to the COVID-19 pandemic and its impact on the travel and tourism industry. Fiscal year 2022 saw a significant increase as postponed events and tourism began returning to the City. Ten-year collection history for the County and City follows:

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Fiscal Year	Hamilton County		City of Chattanooga	
	<u>Total Collections</u>	<u>% Change</u>	<u>Total Collections</u>	<u>% Change</u>
2016	\$7,304,030	12.40%	\$6,668,896	12.71%
2017	7,638,833	4.58%	6,984,506	4.73%
2018	7,927,669	3.78%	7,175,882	2.74%
2019	8,491,839	7.12%	7,588,058	5.74%
2020	7,296,070	-14.08%	6,688,404	-11.86%
2021	7,810,625	7.05%	6,240,025	-6.70%
2022	10,857,606	39.01%	9,602,739	53.89%
2023	11,363,925	4.66%	10,063,112	4.79%
2024	11,458,701	0.83%	10,024,253	-0.39%
2025	11,637,370	1.56%	10,101,251	0.77%
Ten Year Total	<u>\$91,786,668</u>		<u>\$81,137,126</u>	

Sources: Annual Comprehensive Financial Reports of the City of Chattanooga, Tennessee; Annual Comprehensive Financial Reports of Hamilton County, Tennessee. Fiscal Year 2025 amounts for Hamilton County are unaudited.

LOCAL OPTION SALES TAX

In addition to the property tax, another principal revenue source for the City 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, as amended, the City and the County have 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%.

In 1972, a countywide 1¾% Local Option Sales Tax was adopted by referendum by the citizens of Chattanooga and the County. In November 1996, the citizens of Chattanooga elected to increase the Local Option Sales Tax within the City by ½% thereby raising the City’s local option sales tax rate to 2.25%. This City-only tax generated approximately \$17 million annually to be split 50/50 between schools and economic development. In November 2003, the citizens elected to increase the countywide sales tax by ½%, thereby repealing the ½% City-only tax. Effective July 1, 2004, the countywide tax became 2.25%. The City earmarks .25% of its share of the local option sales tax for economic development.

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 of the revenues raised through a countywide sales tax are directed to education based upon the average daily attendance. The remaining portion is distributed to the County and the municipalities therein based upon an agreed formula.

The City has received sales tax receipts and income tax receipts, expressed in thousands, for the most recent ten years as follows:

Fiscal Year	County-Wide Sales Taxes (\$000)	City-Only Sales Tax Econ Dev (\$000)	Total Local Option Tax (\$000)	Tourist Development Zone⁽¹⁾		State Sales Tax (\$000)	State⁽²⁾ Income Tax (\$000)
2016	45,479,387	12,961,844	58,441,231	-	-	13,491,087	3,532,771
2017	45,012,507	12,827,046	57,839,553	3,294,273	1,049,789	13,901,449	3,268,174
2018	49,450,575	13,937,255	63,387,830	4,421,397	1,328,139	14,236,066	2,866,453
2019	51,528,837	14,660,843	66,189,680	5,386,763	1,802,163	14,836,056	1,902,862
2020	51,347,406	14,657,430	66,004,836	8,251,144	2,067,321	15,185,906	731,005
2021	55,974,548	15,965,680	71,940,228	3,541,883	-	17,504,152	1,695,590
2022	65,824,452	17,548,964	83,373,416	375,915	-	20,352,689	170,346
2023	69,189,438	18,534,845	87,724,283	1,720,950	-	21,492,897	14,654
2024	71,584,498	19,201,785	90,786,283	4,858,980	-	22,273,539	2,399
2025	72,763,617	19,396,222	92,159,839	5,246,956	-	22,943,510	1,110

⁽¹⁾ Tourist Development Zone (TDZ) sales tax is based on the incremental state and local sales taxes generated within the TDZ. In some years, sales in the TDZ do not exceed the base year revenues as adjusted for growth in the county as a whole.

⁽²⁾ State law gradually reduced the income tax rate beginning in 2017, and the State income tax was completely phased out for tax periods beginning on January 1, 2021, and later. Amounts received in tax periods on and after January 1, 2021, relate to back payments due.

Source: City of Chattanooga

SUMMARY OF GENERAL FUND BALANCES

A five-year analysis of changes in fund balances is shown in thousands of dollars below for fiscal years 2021 through 2025.

	2021 (\$000)	2022 (\$000)	2023 (\$000)	2024 (\$000)	2025 (\$000)
Revenues	317,544	352,126	377,681	393,861	391,157
Expenditures	243,609	286,420	310,131	316,186	349,847
Excess of Revenues over Expenditures	73,935	65,706	67,550	77,675	41,310
Other Financing Sources (Uses):					
Transfers In ⁽¹⁾	-	-	29	-	7,430
Capital Lease/SBITA	-	1,370	3,640	-	672
Transfers Out	(49,655)	(51,981)	(56,251)	(44,328)	(81,434)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	24,279	15,095	14,968	33,347	(32,022)
Beginning Fund Balance ⁽²⁾	103,942	128,221	143,317	158,284	191,631
Ending Fund Balance	128,221	143,317	158,285	191,631	159,609

⁽¹⁾ Effective fiscal year 2025, payments in lieu of tax and franchise fees for the City's electric utility are recorded as transfers in instead of revenue. From fiscal years 2013 through 2024, such amounts were recorded as revenue.

⁽²⁾ There was a prior period adjustment of \$299,899 in fiscal year 2014 to reverse a prior year expense related to a compromise agreement with the Hamilton County Board of Education.

Source: City of Chattanooga

FUTURE CAPITAL FINANCING

Each year the City develops and formally adopts a long range, five-year Capital Improvement Program (“CIP”). Annually, as part of the CIP process, the City departments are asked to review and prioritize their capital needs for the next five years. The capital projects for the first fiscal year of the five-year CIP form the basis of the capital budget for that fiscal year. When the capital budget projects are finalized for the fiscal year, those projects are formally adopted by the City Council. The capital budget is funded each year from a variety of sources, including debt proceeds, City appropriations from reserves, operations, private donations, and Federal and State aid as set forth below. Since departmental needs often change over time, the CIP is considered preliminary and subject to change until a capital budget is formally adopted by the City Council for a given fiscal year. The CIP for fiscal years 2026 through 2030 is on the following page:

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CITY OF CHATTANOOGA, TENNESSEE
CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2026 thru 2030

Department	2026	2027	2028	2029	2030	Total
Public Works (1)	\$177,964,765	\$122,100,000	\$112,750,000	\$76,800,000	\$58,550,000	\$548,164,765
Police	(3,075,000)	500,000	500,000	500,000	500,000	(1,075,000)
Fire	3,543,064	3,000,000	4,500,000	2,500,000	2,500,000	16,043,064
Community Development	500,000	500,000	-	-	-	1,000,000
Economic Development	2,500,000	500,000	500,000	-	-	3,500,000
General Government	13,642,961	6,925,000	7,300,000	8,200,000	3,200,000	39,267,961
Parks & Outdoors	5,151,274	18,350,000	21,950,000	20,150,000	12,650,000	78,251,274
21st Century Waterfront	(1,701,274)	-	-	-	-	(1,701,274)
Total	\$198,525,790	\$151,875,000	\$147,500,000	\$108,150,000	\$77,400,000	\$683,450,790

Funding Method

Bonds						
General Fund	\$25,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$85,000,000
Industrial Dev Board TIF Loan	-	-	-	-	-	-
ISS (Gen Oblig Bonds/WIFIA Loan)	48,500,000	-	-	-	-	48,500,000
ISS (SRF Loan)	19,580,000	-	-	-	-	19,580,000
Water Quality (Enterprise)	-	-	-	-	-	-
Total Bonds	\$93,080,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$153,080,000

Cash/Reserves

General Fund	\$0	\$22,065,000	\$18,980,000	\$10,710,000	\$9,370,000	\$61,125,000
Economic Development Fund	9,000,000	6,000,000	5,000,000	6,000,000	5,000,000	31,000,000
Hotel-Motel Fund	7,500,000	4,000,000	4,000,000	4,000,000	4,000,000	23,500,000
Fleet Fund	6,000,000	4,500,000	4,500,000	4,500,000	4,500,000	24,000,000
State Street Aid	2,256,300	2,000,000	2,000,000	2,000,000	2,000,000	10,256,300
Library Fund	-	-	-	-	-	-
Sale of Property	-	-	-	-	-	-
Miscellaneous Revenue	3,000,000	-	-	-	-	3,000,000
Public Works Capital Fund	-	-	-	-	-	-
Narcotics Fund	-	-	-	-	-	-
TN Valley Regional Communication System	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-
Water Quality	11,871,150	5,850,000	4,900,000	3,800,000	5,250,000	31,671,150
Wastewater	59,100,000	64,600,000	54,000,000	36,000,000	21,000,000	234,700,000
Total Cash/Reserves	\$98,727,450	\$109,015,000	\$93,380,000	\$67,010,000	\$51,120,000	\$419,252,450

External Sources

Private Grants/Donations	\$0	\$7,500,000	\$12,000,000	\$12,000,000	\$5,000,000	\$36,500,000
Hamilton County	-	-	-	-	-	-
State of Tennessee	378,017	-	-	-	-	378,017
Community Development Block Grant	-	-	-	-	-	-
Monsanto PCB Settlement	4,379,298	-	-	-	-	4,379,298
Federal	1,961,025	20,360,000	27,120,000	14,140,000	6,280,000	69,861,025
Total External Sources	6,718,340	27,860,000	39,120,000	26,140,000	11,280,000	111,118,340
Total All Sources	\$198,525,790	\$151,875,000	\$147,500,000	\$108,150,000	\$77,400,000	\$683,450,790

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(1) Public Works

General Fund	\$27,534,317	\$48,650,000	\$53,850,000	\$37,000,000	\$32,300,000	\$199,334,317
Waste Water	127,180,000	64,600,000	54,000,000	36,000,000	21,000,000	302,780,000
Solid Waste	7,000,000	3,000,000	-	-	-	10,000,000
Storm Water	16,250,448	5,850,000	4,900,000	3,800,000	5,250,000	36,050,448
	\$177,964,765	\$122,100,000	\$112,750,000	\$76,800,000	\$58,550,000	\$548,164,765

Source: 2026 Capital Budget, Ordinance 14240, dated 6/10/2025

Five-Year Capital Improvement Plan, Resolution 32526 dated 6/3/2025

RETIREMENT PLANS

The City provides retirement benefits through three single-employer defined benefit pension plans, which cover all permanent employees. Each of these systems is maintained separately; one system covers general City employees; a second plan covers employees of EPB; and the third covers Firefighters and Police Officers. The following schedule shows the amount of unfunded pension obligations in thousands as of fiscal year 2025:

<u>Pension Plan ⁽¹⁾</u>	<u>Net Pension</u>	<u>Percentage</u>
	<u>Liability (\$000)</u>	<u>Funded</u>
General	\$ 82,672	82.44%
EPB	\$ 30,558	72.37%
Fire & Police	\$ 215,536	63.05%

Source: City of Chattanooga, Tennessee.

⁽¹⁾ GASB 67 information for 2025 Annual Comprehensive Financial Report of City

City management and the pension boards closely observe the future costs of both benefit improvements and changes in retirement trends of employees. The Mayor established a task force in 2014 to review the Fire & Police Pension plan provisions to ensure sustainability. Recommendations have resulted in changes to ensure that the pension plan is actuarially sound. Additionally, in fiscal year 2020, the assumed rate of return on investments decreased from 7.5% to 6.75% for the General Pension fund; from 7.75% to 7% for the Fire & Police Fund. Rates were lowered to better reflect actual returns resulting in increased net pension liability.

OTHER POST-EMPLOYMENT BENEFITS

In addition to pension, the City provides post-employment medical benefits known as Other Post-Employment Benefits (“OPEB”) for its retirees and dependents. Effective July 1, 2010, the City Council amended the provisions of the OPEB Plan to address increasing cost and provide full funding of the actuarially computed annual required contribution to an OPEB Trust. As of June 30, 2025, the net OPEB liability was \$31,820,037 with a ratio of fiduciary net position to total OPEB liability of 84.91%. The assumed rate of return was 6.75%.

DESCRIPTION OF THE WASTEWATER SYSTEM

The City’s Wastewater System (hereinafter referred to as the “System”) was conceived in 1952 to provide sewers for the City in a planned and orderly manner. The System encompasses approximately 1,300 miles of sewer lines, 31,000 manholes, 7 large custom-built pumping stations, 8 custom-built storm stations, 72 underground, wet well-mounted, submersible pump stations, approximately 189 residential/grinder stations, 8 combined sewer overflows (CSO) treatment facilities, one (1) 30 million gallon equalization storage and pumping station, and one (1) major regional wastewater treatment plant (known as the Moccasin Bend Environmental Campus or “MBEC”). The plant treatment capacity is 140 Million Gallons per Day (MGD) with additional wet weather capacity of 90 MGD for a total peak capacity of 230 MGD. The average daily flow is 80 MGD. The solid handling system is producing about 70,000 wet tons of Class B Bio-Solids material that is being land applied on nearby farms for beneficial reuse. The completion of the expansion of Moccasin Bend Environmental Campus in 2001 allowed treatment operations at smaller treatment plants to be phased out in the service area and diverted to Moccasin Bend. The System serves the City and a surrounding metropolitan area, which together have a population of approximately 561,000; approximately 400,000 are served by MBEC. In addition to the City, the System serves the following suburban areas: the County; City of Collegedale, Tennessee; part of the Hixson Utility District service area in the County; City of Red Bank, Tennessee; City of East Ridge, Tennessee; City of Soddy Daisy, Tennessee; Town of Lookout Mountain, Tennessee; City of Rossville, Georgia; Lookout Mountain, Georgia; Fort Oglethorpe, Georgia and portions of Walker County, Catoosa County, and Dade County, Georgia.

On April 24, 2013, a Consent Decree negotiated between the City, the United States Environmental Protection Agency, the Tennessee Department of Environment and Conservation, and the Tennessee Clean Water Network became effective. The City agreed to begin a program of rehabilitation of the sewer system for the purpose of reducing sanitary sewer overflows. The program consists of two (2) phases, the first of which is a 5-year program of specific projects identified by the City. The second phase consists of additional projects determined necessary by the City to meet the intent of the Consent Decree based on the success of the Phase 1 projects. Total time frame of the program is 16 years.

SEWER SERVICE CHARGES

The City operates the System on a self-supporting basis from sewer service charges and fees. Revenues to operate, maintain and finance the System are derived primarily from sewer service charges collected from residential, commercial and industrial customers using the System. Sewer service charges for the City are collected based on water meter data provided by the Tennessee-American Water Company, or they are collected through the Hixson Utility District and Eastside Utilities. The sewer service charge rates are based upon the quantity of water used and are expressed as cents per thousand gallons. Effective May 15, 2019, the billing and collection of sewer fees previously conducted by the City Treasurer’s Office is once again under contract with ENCO Utility Services.

The sewer service charge for the regional users, which include those suburban areas mentioned above, are based on a regional service charge rate schedule (wheelage and treatment). The regional service charge rate schedule currently in effect provides rate schedules for billing the regional users on either a metered water consumption basis (“billable flow”) or a total measured wastewater flow basis (“total flow” method). For most areas, where it is practical to install total wastewater metering devices, the “total flow” method is preferred. Smaller areas where metering is not practical are billed on the measure of water consumption.

Other System revenues come from an industrial user permits and sewer surcharge, truck discharge operation permit fees, septic tank discharge fees, holding tank discharge fees, service line connection fees and garbage grinder usage fees.

Other funding sources used for capital improvements include low-interest loans from the State as part of the Tennessee State Revolving Fund Loan Program (“SRF”) and the U.S. Environmental Protection Agency as part of its Water Infrastructure Finance and Innovation Act (“WIFIA”) loan program. Specifically, SRF loans are currently used for projects including sewer system pipeline rehabilitation, Sanitary Sewer Overflow (“SSO”) abatement equalization stations and other various improvements. The City’s WIFIA loan is planned to fund projects including SSO abatement equalization stations and various projects upgrading the Moccasin Bend Environmental Campus. Debt service on the SRF and WIFIA loans are secured by and paid from System revenues. Per the terms of the SRF loan agreements, SRF loans are also secured by a pledge of unobligated State-shared taxes and may also be secured by ad valorem taxes of the City, but it is not expected that the SRF loans will be paid from such sources.

The System serves approximately 70,000 customers, both residential and commercial. The rate structure, per Ordinance 14239 for fiscal year 2026, is as follows:

	User Class	Rates
Effective Oct. 1, 2025	First 100,000 gallons	\$ 16.05 per 1,000 gallons
	Next 650,000 gallons	\$ 11.95 per 1,000 gallons
	Next 1,250,000 gallons	\$ 9.71 per 1,000 gallons
	Next 30,000,000 gallons	\$ 8.19 per 1,000 gallons
	Over 32,000,000 gallons	\$ 7.97 per 1,000 gallons

Source: City of Chattanooga