

**NEW ISSUES
BOOK ENTRY ONLY**

**PRELIMINARY OFFICIAL STATEMENT
Dated: February 19, 2026**

RATINGS: Moody's – "Aa2"
(See "MISCELLANEOUS – Rating")

This "Preliminary Official Statement" and the information contained herein are subject to change, completion, or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time "Preliminary Official Statement" is delivered in final form. Under no circumstances shall this "Preliminary Official Statement" constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



**\$14,210,000*
GENERAL OBLIGATION PUBLIC
IMPROVEMENT BONDS, SERIES
2026A**

Dated: March 17, 2026*

**\$12,380,000*
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2026B**

Due: March 1 (as shown on the following page)

The \$14,210,000* General Obligation Public Improvement Bonds, Series 2026A (the "Series 2026A Bonds") and the \$12,380,000* General Obligation Refunding Bonds, Series 2026B (the "Series 2026B Bonds", and collectively with the Series 2026A Bonds, the "Bonds") of the City of Kingsport, Tennessee (the "City") shall be issued as fully registered in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal, and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semiannually from the date thereof commencing on September 1, 2026, and thereafter on each March 1 and September 1 to the owners thereof as shown on the books and records at the designated corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable by check or draft at the designated office of the Registration Agent.

The Series 2026A Bonds are payable from funds of the City legally available therefor, and to the extent necessary, from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the City, without limitation as to time, rate, and amount and for the punctual payment of said principal of and interest on, the Series 2026A Bonds, the full faith and credit of the City is irrevocably pledged. To the extent the proceeds of the Series 2026A Bonds are used to fund projects for the Municipality's convention center and golf course, the Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and revenues to be derived from the operation of the Municipality's convention center and golf course. To the extent the proceeds of the Series 2026A Bonds are used to fund projects for the City's sewer system, such Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's sewer system.

The Series 2026B Bonds are payable from funds of the City legally available therefor, and to the extent necessary, from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the City, without limitation as to time, rate, and amount and for the punctual payment of said principal of and interest on, the Series 2026B Bonds, the full faith and credit of the City is irrevocably pledged. To the extent the proceeds of the Refunded Bonds were used to fund projects for the City's water and sewer system, such Series 2026B Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's water and sewer system.

The Bonds are subject to optional redemption on March 1, 2036 [and mandatory redemption] as outlined herein.

The cover and inside cover pages contain certain information for quick reference only. They are not a summary of this issue. Investors must read the entire "Preliminary Official Statement" to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Adams and Reese LLP, Nashville, Tennessee, Bond Counsel. Certain matters will be passed upon for the City by Rodney B. Rowlett, III, Esq., City Attorney. The Bonds are expected to be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about March 17, 2026*.

RAYMOND JAMES®

Municipal Advisor

March 4, 2026*

* Subject to adjustment and revisions as outlined in the "Official Notice of Sale" which is incorporated herein by reference and is an integral part of this transaction.

CITY OF KINGSPORT, TENNESSEE

\$14,210,000*
GENERAL OBLIGATION PUBLIC
IMPROVEMENT BONDS, SERIES 2026A

\$12,380,000*
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2026B

Due	Series	Due	Series
March 1	2026A	March 1	2026B
	Bonds*		Bonds*
2027	\$500,000	2027	\$1,355,000
2028	490,000	2028	1,395,000
2029	505,000	2029	1,445,000
2030	535,000	2030	1,505,000
2031	555,000	2031	1,560,000
2032	570,000	2032	1,630,000
2033	600,000	2033	1,705,000
2034	635,000	2034	1,785,000
2035	665,000		
2036	695,000		
2037	670,000		
2038	710,000		
2039	740,000		
2040	785,000		
2041	815,000		
2042	860,000		
2043	900,000		
2044	950,000		
2045	990,000		
2046	1,040,000		

* Subject to adjustment and revisions as outlined in the "Official Notice of Sale" which is incorporated herein by reference and is an integral part of this transaction.

Cusips

Copyright, American Bankers Association (the "ABA"). 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 Bondholders 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.

This "Preliminary Official Statement" speaks only as of its date, and the information contained herein is subject to change.

This "Preliminary Official Statement" may contain forecasts, projections, and estimates that are based on current expectations, but are not intended as representations of fact or guarantees of results. If and when included in this "Preliminary Official Statement", the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this "Preliminary Official Statement". The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This "Preliminary Official Statement" and the Appendices hereto contain brief descriptions of, among other matters, the City, the Bonds, the Resolution (as defined herein), the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933 and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This "Preliminary Official Statement" does not constitute an offer to sell or the solicitation of an 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.

No dealer, broker, salesman, or other person has been authorized by the City or the Municipal Advisor to give any information or to make any representations other than those contained in this "Preliminary Official Statement", and, if given or made, such other information or representations should not be relied upon as having been authorized by the City or Municipal Advisor. Except where otherwise indicated, all information contained in this "Preliminary Official Statement" has been provided by the City. The information set forth herein has been obtained by the City from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor. The information contained herein is subject to change without notice, and neither the delivery of this "Preliminary Official Statement" nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the City, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices 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.

Bondholders 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.

CITY OF KINGSPORT, TENNESSEE

BOARD OF MAYOR AND ALDERMEN

Paul W. Montgomery	<i>Mayor</i>
Darrell Duncan	<i>Vice Mayor/ Alderman</i>
Morris Baker	<i>Alderman</i>
Betsy Cooper	<i>Alderman</i>
Colette George	<i>Alderman</i>
Gary Mayes	<i>Alderman</i>
James Phillips	<i>Alderman</i>

OFFICIALS

Christopher W. McCartt	<i>City Manager</i>
Ryan O. McReynolds	<i>Deputy City Manager</i>
Michael Borders	<i>Assistant City Manager</i>
Travis Bishop, CPA	<i>CFO, City Recorder/Treasurer</i>
Rodney B. Rowlett, III, Esq.	<i>City Attorney</i>
Dr. Chris Hampton	<i>Superintendent of Schools</i>

REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company, National Association
Nashville, Tennessee

BOND COUNSEL

Adams and Reese LLP
Nashville, Tennessee

MUNICIPAL ADVISOR

Raymond James & Associates, Inc.
Nashville, Tennessee

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SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this "Preliminary Official Statement". This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this "Preliminary Official Statement".

The Issuer City of Kingsport, Tennessee (the "City"). See the section entitled "Supplemental Information Statement" (APPENDIX B) for more information.

Securities Offered..... \$14,210,000* General Obligation Public Improvement Bonds, Series 2026A (the "Series 2026A Bonds") and \$12,380,000* General Obligation Refunding Bonds, Series 2026B (the "Series 2026B Bonds", and together with the Series 2026A Bonds, collectively, the "Bonds") of the City of Kingsport, Tennessee (the "City") which are dated March 17, 2026*. The Series 2026A Bonds will mature on March 1, 2027, through March 1, 2046*, inclusive. The Series 2026B Bonds will mature on March 1, 2027, through March 1, 2034*, inclusive. See the section entitled "SECURITIES OFFERED – Authority and Purpose".

Purpose The Series 2026A Bonds are issued for the purposes of financing a portion of the costs of certain public works projects, consisting of the public art; acquisition, construction, improvement, renovation and equipping of public school facilities; acquisition, construction, renovation, improvement and equipping of public buildings within the City; construction, expansion and improvement of roads, streets, bridges, parking and infrastructure; improvement and equipping of the Municipality's convention center and golf course, including a new pump system and mowers for the golf course; construction, expansion and improvement of the City's sewer system; acquisition of all property real and personal, appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative, and engineering costs; to reimburse the City for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Series 2026A Bonds.

The Series 2026B Bonds are being issued for the purposes of providing funds to refund all outstanding maturities of those certain General Obligation Public Improvement Bonds, Series 2103B, dated October 21, 2013, issued in the original principal amount of \$27,510,000, dated October 21, 2013 (the "Refunded Bonds") and to pay costs incident to the issuance and sale of the Series 2026B Bonds.

See the section entitled "SECURITIES OFFERED – Authority and Purpose" for additional information.

Security and Source of Payment..... The Series 2026A Bonds are payable from funds of the City legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the City without limitation as to time, rate, or amount and for the prompt payment of the Series 2026A Bonds, both principal and interest, as the same shall become due, the full faith, and credit of the City is irrevocably pledged. To the extent the proceeds of the Series 2026A Bonds are used to fund projects for the Municipality's convention center and golf course, the Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and revenues to be derived from the operation of the Municipality's convention center and golf course. To the extent the proceeds of the Series 2026A Bonds are used to fund projects for the City's sewer system, such Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's sewer system.

The Series 2026B Bonds are payable from funds of the City legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within

the corporate limits of the City without limitation as to time, rate, or amount and for the prompt payment of the Series 2026B Bonds, both principal and interest, as the same shall become due, the full faith, and credit of the City is irrevocably pledged. To the extent the proceeds of the Refunded Bonds were used to fund projects for the City's water and sewer system, such Series 2026B Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's water and sewer system.

See the section entitled "SECURITIES OFFERED – Security and Source of Payment" for additional information.

Optional Redemption Bonds maturing March 1, 2027, through March 1, 2036, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2037, are subject to redemption prior to maturity on March 1, 2036, and at any time thereafter, at the option of the City, as a whole or in part, at the price of par, plus accrued interest to the date fixed for redemption.

[Mandatory Redemption..... If any, mandatory redemption provisions will be determined by bids received and awarded. See the "Official Notice of Sale" and the section entitled "SECURITIES OFFERED – Redemption – *Mandatory Redemption*" for additional information.]

Rating Moody's – "Aa2". See the section entitled "MISCELLANEOUS – Rating" for more information.

Book-Entry Only The Bonds will be issued under the Book-Entry-Only System. For additional information, see the section entitled "BASIC DOCUMENTATION – Book-Entry-Only System."

Underwriter , (the "Underwriter"). See the section entitled "MISCELLANEOUS – Competitive Public Sale" for additional information.

Municipal Advisor Raymond James & Associates, Inc., Nashville, Tennessee ("Raymond James" or the "Municipal Advisor"). See the section entitled "MISCELLANEOUS - Financial Professionals".

Bond Counsel Adams and Reese LLP, Nashville, Tennessee ("Bond Counsel"). See the section entitled "MISCELLANEOUS - Financial Professionals".

Registration and Paying Agent U.S. Bank Trust Company, National Association, Nashville, Tennessee (the "Registration Agent"). See the section entitled "MISCELLANEOUS - Financial Professionals".

General The Bonds are being issued in full compliance with Title 9, Chapter 21, Parts 1 and 2, Tennessee Code Annotated, as supplemented and revised, and the resolutions approved by the Board of Mayor and Aldermen of the City on January 20, 2026. The Bonds will be issued with CUSIP numbers through the facilities of The Depository Trust Company, New York, New York. See the section entitled "SECURITIES OFFERED – Authority and Purpose" for more information.

Tax Matters In the opinion of Bond Counsel, under existing law and assuming compliance with certain tax covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Bond Counsel is also of the opinion, under existing law, that the Bonds and interest on the Bonds are exempt from all state, county, and municipal taxation in the State of Tennessee, except to the extent that interest on the Bonds is included within the measure of certain privilege and excise taxes imposed under Tennessee law. See "LEGAL MATTERS—Tax Matters" herein. See also "APPENDIX A: Forms of Legal Opinions" included herein.

Disclosure..... In accordance with Rule 15c2-12 of the Securities and Exchange Commission as amended, the City will provide the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State information depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Annual Comprehensive Financial Reports. See the section entitled “MISCELLANEOUS – Continuing Disclosure” and “APPENDIX C: Form of Continuing Disclosure Certificate”.

Other Information..... The information in the “Preliminary Official Statement” is deemed "final" within the meaning of Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (“SEC”) except for certain information allowed to be omitted under the Rule. For more information concerning the City or the “Preliminary Official Statement”, contact Travis Bishop, CPA, CFO, City Recorder and Treasurer, City of Kingsport, City Hall, 415 Broad Street, Kingsport, Tennessee 37660. Telephone: 423-229-9335 or the Municipal Advisor, Raymond James & Associates, Inc., One Burton Hills Blvd. - Suite 225, Nashville, Tennessee 37215-6299, Telephone: 615-665-6917 or 615-665-6918.

CITY OF KINGSPORT, TENNESSEE

\$14,210,000*
**GENERAL OBLIGATION PUBLIC
IMPROVEMENT BONDS, SERIES 2026A**

\$12,380,000*
**GENERAL OBLIGATION REFUNDING
BONDS, SERIES 2026B**

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This “Preliminary Official Statement” (including the Summary Statement and appendices) is furnished in connection with the offering by the City of Kingsport, Tennessee (the “City”) of its \$14,210,000* General Obligation Public Improvement Bonds, Series 2026A (the “Series 2026A Bonds”) and its \$12,380,000* General Obligation Refunding Bonds, Series 2026B (the “Series 2026B Bonds”, and together with the Series 2026A Bonds, collectively, the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, Parts 1 and 2, Tennessee Code Annotated, as supplemented and amended, and other applicable provisions of law and pursuant to resolutions (collectively, the “Resolution”) duly adopted by the Board of Mayor and Aldermen of the City (the “Governing Body”) on January 20, 2026.

The Series 2026A Bonds are issued for the purposes of financing a portion of the costs of certain public works projects, consisting of the public art; acquisition, construction, improvement, renovation and equipping of public school facilities; acquisition, construction, renovation, improvement and equipping of public buildings within the City; construction, expansion and improvement of roads, streets, bridges, parking and infrastructure; improvement and equipping of the Municipality’s convention center and golf course, including a new pump system and mowers for the golf course; construction, expansion and improvement of the City’s sewer system; acquisition of all property real and personal, appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative, and engineering costs; to reimburse the City for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Series 2026A Bonds.

The Series 2026B Bonds are issued for the purposes of providing funds to refund all outstanding maturities of those certain General Obligation Public Improvement Bonds, Series 2103B, dated October 21, 2013, issued in the original principal amount of \$27,510,000, dated October 21, 2013 (the “Refunded Bonds”) and to pay costs incident to the issuance and sale of the Series 2026B Bonds.

DESCRIPTION OF THE BONDS

The Bonds initially will be dated the date of their issuance estimated to be March 17, 2026*. Interest on the Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2026. 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.

¹ Subject to adjustment and revisions as outlined in the “Official Notice of Sale” which is incorporated herein by reference and is an integral part of this transaction.

In the event that any amount payable on any Bond as interest shall at any time exceed the rate of interest lawfully chargeable thereon under applicable law, then any such excess shall, to the extent of such excess, be applied against the principal of such Bonds as a prepayment thereof without penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a 360-day year composed of 12 months of 30 days each.

The principal of and all installments of interest on any Bond shall bear interest from and after their respective due dates at a rate of interest equal to the rate of interest payable on the principal of such Bond.

Interest on the Bonds shall be payable by check or other form of draft of the Registration Agent deposited by the Registration Agent in the United States mail, first class postage prepaid, in sealed envelopes, addressed to the Owners of the Bonds, as of the applicable Interest Payment Date, at their respective addresses as shown on the registration books of the City maintained by the Registration Agent as of the close of business on the fifteenth (15th) calendar day of the month next preceding the applicable Interest Payment Date (the "Regular Record Date"). The principal or redemption price, if any, of all Bonds shall be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Registration Agent. All payments of the principal of and interest on the Bonds shall be made in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

See the section entitled "BASIC DOCUMENTATION - Book-Entry-Only System", "Special Record Date" and the "Registration Agent" for additional information.

SECURITY AND SOURCE OF PAYMENT

The Series 2026A Bonds are payable from funds of the City legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the City without limitation as to time, rate, or amount and for the prompt payment of the Series 2026A Bonds, both principal and interest, as the same shall become due, the full faith, and credit of the City is irrevocably pledged. To the extent the proceeds of the Series 2026A Bonds are used to fund projects for the Municipality's convention center and golf course, the Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and revenues to be derived from the operation of the Municipality's convention center and golf course. To the extent the proceeds of the Series 2026A Bonds are used to fund projects for the City's sewer system, such Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's sewer system.

The Series 2026B Bonds are payable from funds of the City legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the City without limitation as to time, rate, or amount and for the prompt payment of the Series 2026B Bonds, both principal and interest, as the same shall become due, the full faith, and credit of the City is irrevocably pledged. To the extent the proceeds of the Refunded Bonds were used to fund projects for the City's water and sewer system, such Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's water and sewer system.

For the purpose of providing for the payment of the principal of, premium, if any, and interest on,

the Bonds, to the extent necessary, there shall be levied in each year in which such Bonds shall be outstanding a direct tax on all taxable property in the City, fully sufficient, to pay all such principal and interest falling due prior to the time of collection of the next succeeding tax levy. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of said City, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount. The Governing Body of the City is required by law and has pledged to levy such tax. Principal, premium, if any, and interest, or any of the foregoing, falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from the General Fund or other available funds of the City, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected. Such taxes levied and collected therefor shall be deposited in General Fund of the City and used for the payment of principal and interest on the Bonds as the same shall become due.

REDEMPTION

Optional Redemption. Bonds maturing March 1, 2027 through March 1, 2036, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2037, are subject to redemption prior to maturity on March 1, 2036, and at any time thereafter, at the option of the City, as a whole or in part, at the price of par, plus accrued interest to the date fixed for redemption.

Mandatory Redemption. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing on March 1 on the redemption dates set herein 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, as securities depository for Bonds or such person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each participant 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 to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of the Bonds to be redeemed on said dates are as follows:]

<u>Redemption Date*</u>	<u>Bonds Redeemed</u>
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Notice of Redemption. In the event of redemption, [whether optional or mandatory,] notice of intended redemption shall be given by the Registration Agent on behalf of the City to the Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption. Each such notice of redemption shall state: (1) the redemption date; (2) the redemption price; (3) if less than all outstanding Bonds are to be redeemed, the registered number and the CUSIP number printed on the Bonds (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date, the redemption price will become due and payable upon such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date

[* Final maturity]

provided sufficient funds are available on such redemption date to fully pay the redemption price of and the interest on the Bonds called for redemption; and, (5) the place where such are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registration Agent. Neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which notice was correctly given.

If notice of redemption shall have been given in the manner and under the conditions provided herein and if on the date so designated for redemption the Registration Agent shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Bonds to be redeemed as provided in the Resolution, then: (1) the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date; (2) interest on the Bonds so called for redemption shall cease to accrue; and, (3) such Bonds shall no longer be outstanding or secured by, or be entitled to, the benefits of the Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Registration Agent.

Prior to any redemption date, the City shall deposit with the Registration Agent an amount of money sufficient to pay the redemption price of all of the Bonds which are to be redeemed on that date.

If on the redemption date, monies for the redemption of all the Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Registration Agent so as to be available therefor on such date, the Bonds or portions thereof so called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of the Resolution.

In case any Bond is of a denomination larger than \$5,000, a portion of such Bond - \$5,000 or any integral multiple thereof - may be redeemed, but the Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In selecting Bonds for redemption, the City shall treat the Bonds as representing that number of Bonds which is obtained by dividing the principal amount of the Bond by \$5,000. If part but not all of a Bond shall be selected for redemption, the Owner thereof or his, her, or its legal representative shall present and surrender such Bond to the Registration Agent for payment of the principal amount thereof so called for redemption and the premium, if any, on such principal amount thereof so called for redemption, and the City shall execute and the Registration Agent shall authenticate and deliver to such Owner or legal representative, without charge therefor, for the unredeemed portion of the Bond surrendered, a Bond of the same maturity, bearing the same interest rate, and of authorized denomination or denominations.

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BASIC DOCUMENTATION

REGISTRATION AGENT

U.S. Bank Trust Company, National Association (the “Registration Agent”) or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration 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 owner at its address 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 Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry system maintained by DTC (the “Book-Entry-Only System”). One or more fully-registered bond certificates will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Bank 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 securities that its participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry-only changes in DTC Participants’ accounts, thereby eliminating 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, in turn, is owned by a number of its Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (the “NSCC”, “GSCC”, “MBSCC”, and “EMCC”, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc. (the “NYSE”), the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (the “Indirect Participants” and, together with the Direct Participants, the “Participants”). DTC has S&P’s ratings: “AA+.” The rules applicable to DTC and its

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. 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 (a "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, but beneficial owners are 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 whom such beneficial owners 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 as specifically provided in the Bonds in the event that use of the book-entry-only system is discontinued.

Payments of Principal and Interest. Principal and interest 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 Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal 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 City or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

Notices. 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 Bonds may wish to take certain steps to augment 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. 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, or in the alternative, beneficial owners may wish to provide their names and addresses to the Registration Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as practicable

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).

NONE OF THE CITY, THE UNDERWRITER, BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Bonds. 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 nominee does not affect 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 such 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.

Discontinuance of Book-Entry-Only System. In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry System, the Book-Entry System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to beneficial owners.

No Assurance Regarding DTC Practices. The foregoing 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 the City, the Bond Counsel, the Registration Agent, the Municipal Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the beneficial owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the beneficial owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolutions. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

SPECIAL RECORD DATE

Any interest on any of the Bonds which is payable but is not punctually paid or duly provided for on any Interest Payment Date on which interest is due (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by check or other form of draft of the Registration Agent 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 Registration 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 Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangement satisfactory to the Registration 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 as in this Section provided. Thereupon, not less than ten (10) calendar days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) calendar days prior to the date of the proposed payment to the Owners. The Registration 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) calendar 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 Owner at the address thereof as it appears in the registration books of the City maintained by the Registration 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 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.

TRANSFER AND EXCHANGE

The Bonds are transferable only by presentation at the office of the Registration Agent, by the registered owner or their legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the fifteen calendar days next preceding an Interest Payment Date or the first mailing of any notice of redemption or with respect to any Bond, after such Bond has been called for redemption. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds relating to the proceeds from the Bonds:

<u>SOURCES OF FUNDS:</u>	<u>SERIES 2026A BONDS</u>	<u>SERIES 2026B BONDS</u>
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Par Amount

Plus: [Net] Premium

TOTAL SOURCES:

USES OF FUNDS:

Deposit – Project Fund

Deposit – Refunding Escrow

Underwriter's Discount

Costs of Issuance

TOTAL USES:

DISCHARGE AND SATISFACTION OF BONDS

If the City shall pay and discharge the entire indebtedness evidenced by any of the Bonds in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of, premium, if any, and interest on, the Bonds, as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers ("a Trustee"; which Trustee may be the Registration Agent), in trust, at or before the date of maturity or redemption, sufficient monies or Government Obligations, the principal of and interest on which, when due and payable, will provide sufficient monies to pay or redeem the Bonds Outstanding hereunder and to pay premium, if any, and interest thereon when due until the maturity or redemption date; provided, if such Bonds are to be redeemed prior to the maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice; or,

(c) By delivering such Bonds to the Registration Agent, for cancellation by such Registration Agent.

If the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Trustee to pay amounts when and as required to the Registration Agent for the payment of principal of, premium, if any, and interest on, such Bonds when due, then and in that case indebtedness evidenced by such Bonds shall be discharged and satisfied, and all covenants, agreements, and obligations of the City to the owners of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate, and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the Owners thereof shall thereafter be entitled only to payment out of the monies or Government Obligations deposited as aforesaid.

Except as otherwise provided herein neither Government Obligations nor monies deposited with the Registration Agent nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on, said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest, to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent.

Nothing contained herein shall be construed to alter or change the redemption provisions set forth herein. No redemption privilege shall be exercised with respect to the Bonds except at the option and election of the City. The optional right of redemption shall not be exercised by the Registration Agent unless expressly so directed by an Authorized Representative of the City.

BONDHOLDERS' RISKS

GENERAL

Set forth below are certain risks purchasers of the Bonds should consider when making an investment decision. All potential risks are not included and the discussion is not intended to be exhaustive.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the 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 constitutional and statutory law and judicial decisions, certain remedies specified by the Resolution may not be readily available or may be limited. The legal opinion 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, or other similar laws affecting the rights of creditors generally.

ADDITIONAL BONDS

The City may issue additional bonds in accordance with the provisions of the Act. The issuance of additional bonds would increase the debt service requirements and could adversely affect the sources of funds available to service the Bonds.

PUBLIC HEALTH EMERGENCIES

The global 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. 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 World Health Organization declared an end to COVID-19 as a 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 Appendix B, 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, see Appendix B to the Official Statement.

CLIMATE CHANGE

In recent years, many scientific studies have been conducted addressing the possible impact of changing global weather patterns. The City is in northeast Tennessee and the southern United States increases its risks for extreme heat, drought conditions, flooding, windstorms, and other extreme weather events that could become more frequent and severe.

As required by federal law, the Tennessee Emergency Management Agency ("TEMA"), has prepared and adopted the ["State of Tennessee Standard Hazard Mitigation Plan 2018"](#) which includes among other things a climate risk and vulnerability assessment for all counties and regions of the State, including the City's service area. The Hazard Mitigation Plan prepared by TEMA may be updated from time to time, and no representation is made herein as to the sufficiency or timeliness of any such plan.

It is not possible for the City to predict the intensity, duration, or impact of any weather-related events, whether known or unknown, but the City has considered and addressed additional operational and safety measures and practices to offset and respond to climate related issues similar to those which have occurred in the past. The City also believes it maintains adequate reserves to offset in part many financial risks associated with weather related operational disruptions if they occur. Insurance coverage is also available for buildings.

CYBERSECURITY

The City relies on its computer systems and related networking technology to administer and assist in many key operations. Such operations include the storage and transfer of critical and sensitive information. It is recognized that the City may be subject to cyberattacks targeted at gaining access to sensitive information and possibly disrupting operations. Additionally, technical problems or unintentional breaches of security due to employee errors could disrupt operations. Any of the foregoing risks and/or others that are not presently known, may result in the loss of substantial time and money and be expensive to correct. Additionally, these

disruptions could subject the City to legal action and possible monetary exposure. To protect the City's key and sensitive operations and data, various solutions, operational policies, practices, and training are in place for all employees. Despite the City's best efforts, it is not possible to determine whether such efforts will always be successful. The City maintains insurance to protect itself against possible cybersecurity threats.

EARLY PAYMENT PRIOR TO MATURITY

The Bonds are subject to optional redemption prior to maturity. A prospective investor should consider these rights when making any investment decision. Following any redemption, owners of the Bonds may not be able to reinvest their funds at a comparable interest rate. See the section entitled "SECURITIES OFFERED – Redemption".

LOSS OF TAX EXEMPTION

There is no provision for the redemption of the Bonds or for the payment of additional interest on the Bonds if interest on the Bonds becomes includable in gross income for federal income tax purposes. If interest on the Bonds becomes includable in gross income for federal income tax purposes, the value and marketability of the Bonds would likely be adversely affected. The City has covenanted not to do anything that would adversely affect the tax-exempt status of the Bonds. See "LEGAL MATTERS – Tax Matters".

OTHER RISK FACTORS

In the future, other factors, unknown at this time, may adversely affect the operations of the City to an extent that cannot be determined at this time, but include the ability of the City to insure or otherwise protect itself against property damage and general liability claims due to cost or other unknown factors.

LEGAL MATTERS

LITIGATION

There are no suits, threatened or pending, challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds or levy and collect ad valorem taxes or charge and collect water and sewer fees. See the subsection in this section entitled "Closing Certificates" for additional information.

The City, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation except as specifically described below, the City believes that, while the outcome of any litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims presently pending or threatened against the City or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have an adverse effect upon the City's financial condition except potentially the following lawsuits:

A 42 U.S. Code section 1983 lawsuit captioned Michael Gillis v. City of Kingsport, et al. was filed on August 19, 2021, in the United States District Court for the Eastern District of Tennessee alleging

violations of the plaintiff's civil rights. The complaint also listed three police officers as defendants. The complaint alleges unlawful seizure of the plaintiff and excessive force by the police officers, and inadequate training, inadequate supervision of police officers, and that the City has a custom or policy of eliminating homeless person for the downtown area and it was the moving force behind the alleged violation of the plaintiff's constitutional rights. The complaint prayed for damages of at least \$1,000,000. The City and the officers deny any liability or wrong-doing, and the City will defend against the lawsuit.

A 42 U.S. Code section 1983 lawsuit captioned Brian Henry and Amber Quintanilla v. City of Kingsport, et al. was filed on September 16, 2022, in the United States District Court for the Eastern District of Tennessee alleging violations of the plaintiffs' civil rights. The complaint also listed the then chief of police and two police officers as defendants. The complaint alleges excessive force by the police officers, failure to protect from gratuitous harm, failure to train and supervise officers with respect to appropriate procedures for using force, and state claims for battery, negligence, and outrageous conduct. Each party is seeking \$150,000.00 for compensatory damages and \$150,000 for punitive damages. The City and the officers deny any liability or wrong-doing, and the City will defend against the lawsuit.

A 42 U.S. Code section 1983 lawsuit captioned Joshua Gibbons v. City of Kingsport, et. al. (Civil Action No. 2:23-CV-00138) was filed on October 17, 2023 in the United States District Court for the Eastern District of Tennessee alleging violations of the plaintiff's civil rights. The complaint also listed the then chief of police and six police officers as defendants. The complaint alleges retaliation based on expression protected by the First Amendment, unlawful seizure and false arrest, and malicious prosecution. Plaintiff seeks declaratory relief, as well as an unspecified amount of nominal, compensatory, and punitive damages, and reasonable attorney's fees, statutory fees, and costs. The City and the officers deny any liability or wrongdoing and the City will defend against the lawsuit.

A 42 U.S. Code section 1983 lawsuit captioned Daniel G. Hinkle v. City of Kingsport, et al. (Civil Action No. 2:24-cv-00098) was filed on June 5, 2024 in the United States District Court for the Eastern District of Tennessee alleging violations of Plaintiff's civil rights. The Complaint also listed police office Robert Mills as well as Sullivan County, Tennessee and sheriff's deputy Nathan Lane. The complaint alleges unlawful seizure of Plaintiff, use of excessive force by Officer Mills and Deputy Lane, inadequate training and inadequate supervision of officers, and a state law claim for negligence. The complaint prayed for at least \$750,000 of compensatory damages, punitive damages, and attorney's fees. The City and the officer deny any liability or wrongdoing, and the City will defend against the lawsuit.

A 42 U.S. Code section 1983 lawsuit captioned Rebecca Woods v. Kingsport Police Department, et. al. (Civil Action No. 3:25-CV-00969) was filed on August 27, 2025 in the United States District Court for the Middle District of Tennessee alleging violations of Plaintiff's civil rights. The Complaint also listed the Sullivan County Sheriff, Sullivan County Correctional Facility/Jail, and additional unidentified officers as defendants. The complaint alleges false arrest, use of excessive force, deprivation of counsel, failure to mirandize Plaintiff, and unauthorized wiretapping electronic surveillance. Plaintiff is proceeding *pro se* in this litigation. No responsive pleading has been filed at this time however, the City will defend against the lawsuit.

A 42 U.S. Code section 1983 lawsuit has been threatened by a Jane Doe by and through her mother Mary Doe against Kingsport City Schools Board of Education d/b/a Kingsport City Schools, et. al. based on allegations of a violation of the Plaintiffs' civil rights. Additionally, the allegations are made that

violations of the Americans with Disabilities Act of 1990 (42 USC § 12101, et. seq.); and the Rehabilitation Act of 1973 §§ 504 and 505 as amended (29 USC §§ 794, 794a) occurred. In addition to the Board of Education doing business as Kingsport City Schools, a department of the city, the complaint names three individuals who were employed by the school system at the time of the alleged violations. The complaint alleges that a teacher committed child abuse or neglect against Jane Doe which was untimely reported to authorities contrary to state law. Plaintiffs also allege that City's schools failed to take appropriate remedial steps to the detriment of Jane Doe who suffered abuse centered upon disability-related needs. Further, allegations are made that City's schools failed to provide a safely accessible school environment placing Jane Doe at risk of elopement due to her disabilities. No complaint has been filed at this time however, the City will defend against any lawsuit.

The amount prayed for in these complaints do not act as a limit on the amount of the possible award of damages. Damages in a section 1983 case can include compensatory damages, attorney fees, and against plaintiffs sued in their individual capacity, punitive damages.

The City has coverage through Public Entity Partners, formerly the Tennessee Municipal League Risk Management Pool, for the defense of and compensatory damages for personal injury claims up to \$5,000,000. The Charter of the City provides the following pertaining to coverage for its employees:

“Whenever any elected official or employee of the City of Kingsport shall be sued for damages arising out of the performance of his official duties and while engaged in the course of his employment or discharge or attempted discharge of his official duties in his employment, the City of Kingsport shall be authorized and required to provide defense counsel for such elected official or employee in such suit and to indemnify him from any judgment rendered against him in such suit; provided, however, that such indemnity shall not extend to any judgment for punitive damages or for damages arising out of any willful wrongdoing by said elected official or employee and provided, further, that such municipal corporation or other political subdivision shall have notice of such suit.

The City of Kingsport is authorized to contract at governmental expense for policies of liability insurance to protect elected officials and employees in the course of their employment.”

Kingsport City Charter, Subpart B, Article I, Section 1.

There is no coverage for punitive damage or intentional torts. Generally, the City has governmental immunity from intentional torts. For certain types of actions, immunity is waived, including certain negligent acts of its employees. For those actions for which immunity is waived the amount of damages that are recoverable are limited as set out by the Tennessee Governmental Tort Liability Act. The limits are \$300,000 for bodily injury or death for any one person in any one accident, occurrence, or act, and up to \$700,000 for bodily injury or death of all persons in any one accident, occurrence, or act, and \$100,000 for injury or destruction of property of others in any one accident, occurrence, or act.

REMEDIES OF BONDHOLDERS

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy

and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

TAX MATTERS

In the opinion of Adams and Reese LLP, as Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income purposes and is not an item of tax preference for purposes of the federal alternative minimum tax however, such interest is taken into account in determining the annual adjusted minimum tax of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

In rendering its opinion, Bond Counsel has relied on certain representations, certifications of facts and statements of reasonable expectations made by the City in connection with the Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable 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, excluded from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Bonds may affect the federal tax status of the interest on the Bonds.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the Bonds should consult their tax advisers as to collateral federal income tax consequences.

From time to time, there are legislative proposals in the Congress or in the various states that, if enacted, could alter, or amend the federal and state tax matters referred to herein or adversely affect the market value of the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation.

It cannot be predicted with certainty whether or in what form any proposed legislation might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof, would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation.

Original issue discount (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons acting in the capacity as underwriters, placement agents or wholesalers). In general, the issue price of each maturity of the Bonds is expected to be the initial public offering price set forth on the cover page of this “Preliminary Official Statement”.

In general, under Section 1288 of the Code, OID on any of the Bonds having OID accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compound rate determined by reference to the yield on such Bonds. The OID that has accrued and is properly allocable to the owners of Bonds having OID will be excluded from gross income for federal income tax purposes, and will increase the owner’s tax basis in such Bond. Purchasers of any Bond having OID should consult their tax advisors regarding the determination and treatment of OID for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

In general, if an owner of a Bond acquires such Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium must be amortized over the remaining term of the Bond, based on the owner’s yield over the remaining term of the Bond, determined based on constant yield principles (in certain cases involving a premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a premium Bond must amortize the premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the premium allocable to that period. In the case of a tax-exempt premium bond, if the premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a premium Bond may realize a taxable gain upon disposition of the premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any premium Bond should consult their own tax advisors regarding the treatment of premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of premium on, sale, exchange or other disposition of premium Bonds.

In the opinion of Bond Counsel, under existing law, the Bonds and interest on the Bonds are exempt from all state, county, and municipal taxation in the State of Tennessee, except to the extent that interest on the Bonds is included within the measure of certain privilege and excise taxes imposed under Tennessee law.

Bond Counsel expresses no opinion regarding taxation of the Bonds or interest on the Bonds in any state other than Tennessee. Prospective purchasers of the Bonds should consult their tax advisers as to whether the Bonds or interest on the Bonds is or is not exempt from taxation in any other state.

The forms of the opinions of Bond Counsel are attached as “APPENDIX A - Forms of Legal Opinions”. Copies of the legal opinions will be available at the time of the initial delivery of the Bonds.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the "Official Statement", in final form (as defined herein), signed by the Mayor and other officials acting in their official capacities to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the "Official Statement", in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the "Official Statement", in final form, no event has occurred which should have been set forth in such a memo or supplement, and (c) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) a non-arbitrage certificate which supports the conclusions that based upon facts, estimates and circumstances in effect, upon delivery of the Bonds, the proceeds of the Bonds will not be used in a manner which would cause the Bonds to be arbitrage bonds; (iii) certificates as to the delivery and payment, signed by the officials acting in their official capacities evidencing delivery of and payment for the Bonds; (iv) a signature identification and incumbency certificate, signed by the Mayor, City Recorder and/or other officials of the City acting in their official capacities certifying as to the due execution of the Bonds; and (v) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

For additional information, see the section entitled "MISCELLANEOUS – Competitive Public Sale", "MISCELLANEOUS - Additional Information", "MISCELLANEOUS - Continuing Disclosure" and "APPENDIX A: Forms of Legal Opinions".

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Adams and Reese LLP, Nashville, Tennessee, Bond Counsel. Bond Counsel did not prepare the "Preliminary Official Statement" or the "Official Statement", in final form, or verify their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the "Preliminary Official Statement" or "Official Statement", in final form, except for the information under the section entitled "LEGAL MATTERS – Tax Matters". The opinions of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds. Reference is hereby made to the "Official Statement" and the forms of the opinions contained in APPENDIX A.

Certain other matters will be passed upon for the City by Rodney B. Rowlett, III, City Attorney.

MISCELLANEOUS

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned the Bonds the ratings of "Aa2".

The City furnished Moody's certain information and materials concerning the Bonds and the City. Generally, Moody's bases its ratings on such information and materials and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that any rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of a rating or ratings or other actions by a rating agency may have an adverse effect on the market price of the Bonds.

Any explanation of the significance of the rating may be obtained only from Moody's.

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on March 4, 2026*. Details concerning the public sale were provided to potential bidders and others through the "Official Notice of Sale" and the "Preliminary Official Statement" that were dated February 19, 2026*.

Series 2026A Bonds. Through IPREO's BiDCOMP®/Parity® system ("IPREO"), ____ of the original ____ firms which indicated an interest in bidding for the Series 2026A Bonds submitted proposals ranging from the best bid of _____% on a true interest cost basis ("TIC") to _____%.

The successful bidder for the Series 2026A Bonds was an account led by _____ (the "Underwriter") who contracted with the City, subject to the conditions set forth in the "Official Notice of Sale" (including permitted adjustments) to purchase the Series 2026A Bonds at a price of \$_____ (consisting of the par amount of the Series 2026A Bonds of \$_____, plus a net premium of \$_____, less an underwriter's discount of \$_____) or a bid price of ____% of par.

Series 2026B Bonds. Through IPREO's BiDCOMP®/Parity® system ("IPREO"), ____ of the original ____ firms which indicated an interest in bidding for the Series 2026B Bonds submitted proposals ranging from the best bid of _____% on a true interest cost basis ("TIC") to _____%.

The successful bidder for the Series 2026B Bonds was an account led by _____ (the "Underwriter") who contracted with the City, subject to the conditions set forth in the "Official Notice of Sale" (including permitted adjustments) to purchase the Series 2026B Bonds at a price of \$_____ (consisting of the par amount of the Series 2026B Bonds of \$_____, plus a net premium of \$_____, less an underwriter's discount of \$_____) or a bid price of ____% of par.

FINANCIAL PROFESSIONALS

Municipal Advisor. Raymond James & Associates, Inc., ("Raymond James") Nashville, Tennessee has served as Municipal Advisor to the City in connection with the Bonds and will receive compensation for duties performed in that role conditioned upon the sale and issuance of the Bonds.

* Subject to adjustment and revision as outlined in the "Official Notice of Sale" incorporated herein by reference.

Bond Counsel. From time to time, Adams and Reese LLP has represented Raymond James and U.S. Bank Trust Company, National Association on legal matters unrelated to the City and may do so again.

Investments. Among other services, Raymond James also assists local jurisdictions in the investment of idle funds and may serve in various other capacities. If the City chooses to use one or more of these other services, then Raymond James may be entitled to separate compensation for such services which may be shared in some cases with other divisions of the firm. Whether such fees are shared or not, the standard fees will be the same. On prior occasions, Raymond James assisted the City with escrow investments may do so again in the future.

Dissemination Agent. Raymond James has been employed to serve the City as its dissemination agent with respect to its continuing disclosure undertakings for the Bonds and other debt obligations. For such services, Raymond James receives a separate annual fee.

DEBT LIMITATIONS

There is no limit on the amount of debt obligations that may be issued by the City under State law. (See “DEBT STRUCTURE - Indebtedness and Debt Ratios” for more information.)

ADDITIONAL DEBT OBLIGATIONS

The City School System received an Energy Efficient Schools Initiative Loan (“EESI Loan”) provided by the State in the amount of \$2,866,134. The EESI Loan carries a rate of 0.50% to be retired monthly through March 1, 2039, with monthly payments of approximately \$15,529. The EESI Loan was used to fund LED lighting improvements.

The City has two Drinking Water Revolving Fund Loans (the “DWSRF Loans”). The first loan is for \$7,000,000 and is related to improvements to the City’s high service pump station (the “Pump Station Loan”). As of June 30, 2025, \$3,531,302 has been drawn on the Pump Station Loan. The Pump Station Loan is a draw-down loan amortized for twenty years with a fixed rate of 2.21%, including an 0.08% administrative fee. The Pump Station Loan is structured with only interest due during the drawdown period. Additionally, the City has been awarded a grant for \$1,500,000 from the Tennessee Department of Environment and Conservation (“TDEC”) for the high service pump station. The grant may reduce the draws against the loan. This will be determined when the project is bid out. The City received the first draw of \$1,498,120 on December 17, 2024.

The second loan is for \$1,300,000 which is being used to replace existing water meters (the “Water Meter Loan”). As of June 30, 2025, the Water Meter Loan has been fully drawn down. The Water Meter Loan is amortized monthly for twenty years at a rate of 1.14%, including an 0.08% administrative fee. At June 30, 2025 the outstanding principal balance was \$1,191,976. The first payment was due September 20, 2023. The Water Meter Loan matures in 2038.

On an annual basis, the City considers and adopts a five-year formal capital improvement plan (the “CIP”) which includes certain projects that may be funded with debt obligations.

OFFICIAL STATEMENT

Certain information relative to the location, economy and finances of the City is found in the "Preliminary Official Statement" and in the "Official Statement". While not guaranteed as to completeness or accuracy, the "Preliminary Official Statement" and the "Official Statement" are believed to be correct as of their respective dates based on information supplied by the City and other reliable sources and by the certification by the City as to the "Official Statement".

Raymond James has not been engaged by the City to provide or validate any information in the "Preliminary Official Statement" or in the "Official Statement" relating to City, including (without limitation) any of City's financial and operating data, whether historical or projected. Raymond James is not a public accounting or auditing firm and has not been engaged by the City to review or audit any information in the "Preliminary Official Statement" or in the "Official Statement" in accordance with accounting standards.

CONTINUING DISCLOSURE

At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each of the City's fiscal years, (the "Annual Report"), commencing with the fiscal year ending June 30, 2025 and to provide notice of the occurrence of certain enumerated events, if determined by the City to be material under applicable federal securities laws. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of material events will be summarized in the City's "Official Statement" to be prepared and distributed in connection with the sale of the Bonds. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12 (b) (the "Continuing Disclosure Rule"). The City has not failed to comply, in any material respect, in the last five years with any previous undertakings with regard to said Continuing Disclosure Rule to provide Annual Reports or notices of events.

The CFO, City Recorder/Treasurer will coordinate and annually review all of the City's required filings with the City's Dissemination Agent. Raymond James & Associates is the initial Dissemination Agent. See "APPENDIX C: Form of Continuing Disclosure Certificate" for additional information.

ADDITIONAL INFORMATION

References, excerpts and summaries contained herein of certain provisions of the laws of the State and any documents referred to herein do not purport to be complete statements of the provisions for such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the holders thereof. The "Preliminary Official Statement" and the "Official Statement"

in final forms, and any advertisement of the Bonds are not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the "Preliminary Official Statement" and the "Official Statement", in final forms, involving matters of opinion or of estimates, whether or not expressly so identified, is intended merely as such and not representations of fact.

The City has deemed this "Preliminary Official Statement" as "final" as of its date within the meaning of Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC") except for certain information permitted to be omitted by the Rule.

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CERTIFICATION OF THE CITY

At the time of payment for and delivery of the Bonds, the City will furnish the purchaser a certificate, signed by the Mayor and City Recorder/Treasurer, to the effect that (a) the descriptions and statements of or pertaining to the City contained in its “Official Statement” and any addendum thereto, for its Bonds, on the date of such “Official Statement”, on the date of sale of the Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such “Official Statement” did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data of or pertaining to entities other than the City, and their activities contained in such “Official Statement” are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since June 30, 2024, the date of the last audited financial statements of the City, which appears in “APPENDIX D: Annual Comprehensive Financial Report”.

/s/

Mayor

ATTEST:

/s/

City Recorder/Treasurer

APPENDIX A

FORMS OF LEGAL OPINIONS

_____, 2026

Board of Mayor and Aldermen
City of Kingsport, Tennessee

Re: \$ _____ General Obligation Public Improvement Bonds, Series 2026A

Ladies and Gentlemen:

We have acted as bond counsel in connection with, and have examined a certified copy of the record of the proceedings of the Board of Mayor and Aldermen (the "Board") of the City of Kingsport, Tennessee (the "Municipality"), and other proofs submitted to us relating to the authorization, issuance and sale by the Municipality of its \$ _____ General Obligation Public Improvement Bonds, Series 2026A, dated the date of original issuance and delivery (the "Bonds"). The Bonds are issued under and pursuant to that certain "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$16,500,000 General Obligation Public Improvement Bonds, Series 2026A of the City of Kingsport, Tennessee, and Providing the Details Thereof" (the "Resolution"), adopted by the Board on January 20, 2026.

The Bonds are issuable in definitive form as fully registered Bonds, without coupons, are numbered from one upwards, and mature serially on March 1 of the years 2027 through 2046. The Bonds will bear interest payable semiannually on March 1 and September 1 of each year, commencing September 1, 2026.

The Bonds are subject to redemption prior to maturity upon the terms and conditions set forth therein and in the Resolution.

Based upon such examination and such other documents, showings, and related matters of law as we deem necessary to render this opinion, we are of the opinion that, under existing law:

(1) Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Constitution and laws of the State of Tennessee as now in force, including particularly Title 9, Chapter 21, Tennessee Code Annotated, as amended, and the Resolution according to its terms, and that the Resolution is valid and binding on the Municipality, enforceable in accordance with its terms.

(2) The Bonds are valid and legally binding obligations of the Municipality payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, or amount, and for which the punctual payment of the principal of and interest on the Bonds, the full faith and credit of the Municipality are irrevocably pledged. To the extent the proceeds of the Series 2026A Bonds are used to fund projects for the

Municipality's convention center and golf course, the Series 2026A Bonds shall additionally be payable from, but not secured by, revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and revenues to be derived from the operation of the Municipality's convention center and golf course. To the extent the proceeds of the Bonds are used to fund projects for the Municipality's sewer system, the Bonds are additionally payable from, but not secured by, revenues to be derived from the operation of the Municipality's sewer system.

(3) Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Municipality comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Municipality has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein. We have not undertaken to advise in the future whether any events after the date of execution and delivery of the Bonds may affect the tax status of the interest on the Bonds.

(4) The Bonds and interest on the Bonds are exempt from all state, county, and municipal taxation within the State of Tennessee, except to the extent that interest on the Bonds is included within the measure of certain privilege and excise taxes imposed under Tennessee law. We express no opinion regarding taxation of the Bonds or interest on the Bonds in any state other than Tennessee.

The rights of owners of the Bonds and the enforceability of the Bonds may be limited by future proceedings under bankruptcy, reorganization, debt arrangements, insolvency, or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights.

In rendering the above opinion, we have relied upon the opinion of even date herewith of the Attorney of the Municipality with respect to: (1) the due organization and existence of the Municipality as a valid political subdivision of the State of Tennessee; (2) the right, title, and interest of the present officials of the Municipality to their respective positions; and (3) matters that might be disclosed by an examination of agreements or instruments to which the Municipality is a party or by which it or any of its assets are bound.

We express no opinion 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, revise or supplement this opinion as to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

ADAMS AND REESE LLP

_____, 2026

Board of Mayor and Aldermen
City of Kingsport, Tennessee

Re: \$ _____ General Obligation Refunding Bonds, Series 2026B

Ladies and Gentlemen:

We have acted as bond counsel in connection with, and have examined a certified copy of the record of the proceedings of the Board of Mayor and Aldermen (the "Board") of the City of Kingsport, Tennessee (the "Municipality"), and other proofs submitted to us relating to the authorization, issuance and sale by the Municipality of its \$ _____ General Obligation Refunding Bonds, Series 2026B, dated the date of original issuance and delivery (the "Bonds"), the proceeds of which will be used to refund the Municipality's outstanding General Obligation Public Improvement Bonds, Series 2013B (the "Refunded Bonds"), dated October 21, 2013, issued in the original principal amount of \$27,510,000. The Bonds are issued under and pursuant to that certain "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$12,500,000 General Obligation Refunding Bonds, Series 2026B of the City of Kingsport, Tennessee, and Providing the Details Thereof" (the "Resolution"), adopted by the Board on January 20, 2026.

The Bonds are issuable in definitive form as fully registered Bonds, without coupons, are numbered from one upwards, and mature serially on March 1 of the years 2027 through 2034. The Bonds will bear interest payable semiannually on March 1 and September 1 of each year, commencing September 1, 2026.

The Bonds are subject to redemption prior to maturity upon the terms and conditions set forth therein and in the Resolution.

Based upon such examination and such other documents, showings, and related matters of law as we deem necessary to render this opinion, we are of the opinion that, under existing law:

(1) Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Constitution and laws of the State of Tennessee as now in force, including particularly Title 9, Chapter 21, Tennessee Code Annotated, as amended, and the Resolution according to its terms, and that the Resolution is valid and binding on the Municipality, enforceable in accordance with its terms.

(2) The Bonds are valid and legally binding obligations of the Municipality payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, or amount, and for which the punctual payment of the principal of and interest on the Bonds, the full faith and credit of the Municipality are irrevocably pledged.

To the extent the proceeds of the Refunded Bonds were used to fund projects for the Municipality's water and sewer system, the Bonds are additionally payable from, but not secured by, revenues to be derived from the operation of the Municipality's water and sewer system.

(3) Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Municipality comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Municipality has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein. We have not undertaken to advise in the future whether any events after the date of execution and delivery of the Bonds may affect the tax status of the interest on the Bonds.

(4) The Bonds and interest on the Bonds are exempt from all state, county, and municipal taxation within the State of Tennessee, except to the extent that interest on the Bonds is included within the measure of certain privilege and excise taxes imposed under Tennessee law. We express no opinion regarding taxation of the Bonds or interest on the Bonds in any state other than Tennessee.

The rights of owners of the Bonds and the enforceability of the Bonds may be limited by future proceedings under bankruptcy, reorganization, debt arrangements, insolvency, or other laws of general application or principles of equity relating to or affecting the enforcement of creditors' rights.

In rendering the above opinion, we have relied upon the opinion of even date herewith of the Attorney of the Municipality with respect to: (1) the due organization and existence of the Municipality as a valid political subdivision of the State of Tennessee; (2) the right, title, and interest of the present officials of the Municipality to their respective positions; and (3) matters that might be disclosed by an examination of agreements or instruments to which the Municipality is a party or by which it or any of its assets are bound.

We express no opinion 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, revise or supplement this opinion as to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

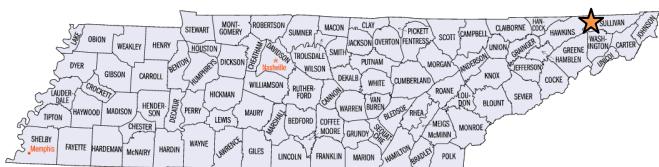
ADAMS AND REESE LLP

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

Location. The [City of Kingsport](#) occupies an area of approximately 53 square miles in the northeastern portion of Tennessee. The City is 25 miles northwest of Johnson City and about 23 miles from Bristol, Tennessee/Virginia.



Kingsport is the largest City in the Kingsport – Bristol, TN – Bristol, VA Metropolitan Statistical Area, with a population of 316,323 according to 2020 U.S. Census.

Kingsport is in both Hawkins County (Tennessee) and Sullivan County (Tennessee) with approximately 4.0% located in Hawkins County and the remainder in Sullivan County. Traditionally, the City has been a commerce center for the area including southwest Virginia and southeast Kentucky. It is a modern industrial community and one of the State's leading manufacturing centers.

POPULATION TRENDS

Year	Kingsport	% Increase	Sullivan County	% Increase	Hawkins County	% Increase	Tennessee	% Increase
2024	57,109	3.0%	162,703	2.9%	59,371	4.7%	7,227,750	4.6%
2020	55,442	15.01%	158,163	0.83%	56,721	0.88%	6,910,840	7.90%
2010	48,205	7.35%	156,855	2.57%	56,833	(0.19%)	6,346,105	11.54%
2000	44,905	6.02%	152,921	6.49%	53,563	6.04%	5,689,283	16.65%
1990	36,385	32.25%	143,596	(0.26%)	44,565	20.47%	4,877,185	6.23%
1980	32,027	2.79%	143,968	12.83%	43,751	29.72%	4,591,120	16.94%
1970	31,938	21.37%	127,602	11.56%	33,726	10.69%	3,926,018	10.06%

CITY GOVERNMENT

The City was incorporated in 1917 and has been operated under the Council- Manager form of government since that time. The Board of Mayor and Aldermen (the “Governing Body”) was expanded from five to seven members through a charter amendment effective May 15, 1973. In odd numbered years, three members of the Governing Body are elected by the qualified voters of the City for four-year terms beginning at the first regular meeting of the Governing Body in July following the May election. Coincident with the Governing Body elections, a Mayor is elected by the qualified voters of the City to a two-year term beginning at the first regular meeting of the Governing Body in July following the election.

Pursuant to Section 6-54-138, Tennessee Code Annotated, the Board of Mayor and Aldermen adopted an ordinance on December 21, 2021, to change the City elections from May of odd years to August of even years to coincide with county elections. Board members whose terms expired on June 30, 2026 will remain in office until August 30, 2026. New members elected in August 2026 will take office September 1, 2026.

The Governing Body appoints a City Manager who is responsible for the administration of the City according to the Charter and Ordinances in effect. The City Manager appoints various department heads, officials, and employees except those who operate and administer the City's School System.

Pay scales for employees and officials of all departments are approved by the Governing Body and all appropriations of funds are made by the Governing Body.

The City's School System is governed by a five-member Board of Education. Historically in each even numbered year, two or three members are elected by the qualified voters of the City. As outlined above, the next School Board election will occur in August 2026 and conform thereafter to the same schedule as for members of the Board of Mayor and Aldermen. The Board of Education is responsible for the hiring of the Superintendent of Schools and other personnel, formulating policies and operating the school system within the framework of state statutes, the City Charter, and City Code.

EDUCATIONAL OPPORTUNITIES

Kingsport and the upper East Tennessee area offer a wealth of educational opportunities for residents and their families. The Kingsport City School system and the Sullivan County School system are pre-K through 12 systems that serve residents of the City.

Kingsport City Schools. The Kingsport City School system is composed of 8 elementary schools, 2 middle schools and a high school. Additionally, there are several specialized education programs including the Cora Cox Academy which is an alternative learning facility for students in grades 6 through 12 and the Palmer Early Learning Center provides early educational opportunities for children from birth through the age of 5.

Source: [Kingsport City Schools](#)

Kingsport City Schools 2024-2025 Achievements

- *Top Academic Growth:* For the ninth consecutive year, Kingsport City Schools earned the highest possible composite score (Level 5) on the *Tennessee Value Added Assessment System* (TVAAS) for the 2024-25 cycle — an indication of exceptional student growth across multiple subjects.
- *Multiple Reward Schools:* Five KCS campuses — including Adams, Jefferson, Johnson, Lincoln Elementary Schools and Dobyns-Bennett High School — were designated “Reward Schools” by the Tennessee Department of Education based on strong TCAP performance.

- *State Recognition in U.S. News Rankings:* Several KCS schools were ranked among the Best Schools in Tennessee by *U.S. News & World Report* for 2025, with elementary, middle, and high schools ranking in the top 10 % statewide.
- *High School Distinction:* Dobyns-Bennett High School was recognized as one of Tennessee's Top 25 Public High Schools in the 2025 Niche Best Schools rankings — the only school in the region to earn that distinction.
- *State Teacher Honor:* A teacher from Dobyns-Bennett High School — Bryan Kerns — was named Tennessee Teacher of the Year for 2024-25 by the Tennessee Department of Education, a significant statewide professional accolade.

CITY OF KINGSPORT, TENNESSEE
Historical Enrollment Data

<u>FYE</u>	<u>Total Enrollment</u>
2025	7,392
2024	7,410
2023	7,540
2022	7,403
2021	7,283
2020	7,365
2019	7,429
2018	7,425

Source: TN Department of Education

Sullivan County Schools. The Sullivan County School system includes 16 schools composed of 10 elementary schools; 4 middle schools and 2 high schools.

Source: [Sullivan County School System](#)

Downtown Kingsport Academic Village. The [Academic Village](#) is comprised of the Kingsport Center for Higher Education, the Regional Center for Advanced Manufacturing, the Regional Center for Health Professions, the Regional Center for Applied Technology, and the Regional Center for Automotive Programs. The Academic Village boasts nearly 150,000 square feet of classrooms and labs and serves approximately 3,500 students. Oversight of the Academic Village has been provided by a 12-member Kingsport Higher Education Commission created by the City to coordinate overall development of future programs.

- *Kingsport Center for Higher Education.* The Center for Higher Education offers programs ranging from associate to doctoral degrees. Programs are currently conducted at the Center by East Tennessee State University, and Northeast State Community College.

- *Advanced Manufacturing Center (“RCAM”)*. RCAM is Northeast State Community College’s advanced technology center. RCAM is housed in a 26,000 square foot training facility located in downtown Kingsport. The focus for RCAM is on teaching traditional and non- traditional students and current employees advanced manufacturing skills using the latest manufacturing simulators and techniques. In 2016, RCAM added additional classrooms and lab space totaling approximately 15,000 square feet. The Kingsport Economic Development Board along with Northeast State Community College (NESCC) recently acquired property at 301 West Main Street to facilitate an expansion RCAM. This expansion, which could be online by January 2024, will further provide training for existing businesses while at the same time train a future workforce.
- The *Regional Center for Health Professions (“RCHP”)*. RCHP is Northeast State Community College’s health professions center. RCHP is housed in a 42,000 square facility focusing on Cardiovascular Technology - Invasive Option, Cardiovascular Technology - Non-Invasive Option, Dental Assisting, Emergency Medical Technology, Advanced Emergency Medical Technology, Medical Laboratory Technology, Nursing, Paramedic, and Surgical Technology.
- The *Regional Center for Automotive Programs (“RCAP”)*. RCAP is Northeast State’s training program focusing on automotive body/collision repair.
- The *Tennessee Center for Applied Technology (“TCAT”)*. TCAT has established a satellite campus in Kingsport. The facility opened its doors in January 2022 to meet the need for workforce development within our city/region. The facility is in a former county high school now operated by the City of Kingsport/Kingsport City Schools. Building trades, diesel mechanics, and LPN classes are currently offered at the facility.

HEALTH CARE

Ballad Health. Ballad Health was created through the merger in early 2018 between the Mountain States Health Alliance and Wellmont Health System. Ballad Health is an integrated healthcare system serving 29 counties of Northeast Tennessee, Southwest Virginia, Northwest North Carolina and Southeast Kentucky. Ballad Health operates a family of 21 hospitals, including three tertiary medical centers, a dedicated children’s hospital, community hospitals, three critical access hospitals, a behavioral health hospital, an addiction treatment facility, long-term care facilities, home care and hospice services, retail pharmacies, outpatient services and a comprehensive medical management corporation. Two of Ballad’s primary hospitals are located in Kingsport: Holston Valley and Indian Path.

Source: [Ballad Health](#)

Holston Medical Group (“HMG”). Since Holston Medical Group’s founding in 1977, the HMG “Family of Care” has grown from a handful of family practitioners to a comprehensive, diversified group of nearly 230 primary care physicians, specialists and mid- level providers, with 24-hour medical /surgical coverage. Located in Kingsport, HMG is one of the largest, most-respected, physician-led, multi-specialty groups in the southeastern United States.

Source: [Holston Medical Group](#)

Creekside Behavioral Health. Memphis-based Strategic Behavioral Health (SBH) opened a 72-bed hospital facility in October 2018 with an investment of approximately \$12 million, creating 180-220 new jobs in Kingsport.

MANUFACTURING, COMMERCE, AND THE LOCAL ECONOMY

General. Kingsport continues to maintain a strong focus on economic diversification with a particular emphasis on sports tourism. In recent years, thousands have visited Kingsport for numerous sporting tournaments and other events recruited and hosted by the Kingsport Convention & Visitors Bureau. Other major tourism dollars were contributed from attendance at major events including NASCAR races at Bristol Motor Speedway and various conferences and events held at the Meadowview Conference and Convention Center and Kingsport's Aquatic Center. Additionally, a week-long FunFest Summer Festival brings in over tens of thousands of visitors. In 2022–2024, the City of Kingsport has hosted over 80 amateur sports events and over 70 event groups, generating more than \$100 million in estimated direct and indirect economic impact to the local economy. A significant share of these events have taken place at the MeadowView Convention Center and adjacent sports facilities, including the NAIA “The Show” Basketball Tournament, Appalachian Athletic Conference Men’s & Women’s Basketball and Volleyball Championships, AAU Wrestling Elementary National Duals, the National Fireworks Association Annual Conference, the Fairlane Club of America National Meet, the Coca-Cola Collectors Club Annual Convention, the Ruritan National Convention, and multiple national pageantry and cheer events drawing regional and out-of-state participants and spectators.

Eastman Chemical Company, Inc. (NYSE Symbol: EMN). [Eastman Chemical](#) is a global advanced materials and specialty additive company that produces a broad range of products found in items people use every day. With a portfolio of specialty businesses, Eastman works with customers to deliver innovative products and solutions while maintaining a commitment to safety and sustainability. Its market-driven approaches take advantage of world-class technology platforms and leading positions in attractive end markets such as transportation, building and construction, and consumables. Eastman focuses on creating consistent, superior value for all stakeholders. As a globally diverse company, Eastman serves customers in more than 100 countries. The company is headquartered in Kingsport and employs approximately 14,500 people around the world.

Eastman was one of the pioneers in developing methanolysis technology at commercial scale and has more than three decades of expertise in this innovative recycling process. Eastman's experience with methanolysis makes it uniquely qualified to be a leader in delivering this solution at commercial scale. Polyester renewal technology will be an especially impactful solution, as low-quality polyester waste that cannot be mechanically recycled and would typically be diverted to landfills, incineration or end up in the environment can instead be recycled into high-quality

polyesters suitable for use in a variety of end-use durable applications.

This facility, which was mechanically completed by year-end 2022, will contribute to the company achieving its ambitious sustainability commitments for addressing the plastic waste crisis, which includes recycling more than 500 million pounds of plastic waste annually by 2030 via molecular recycling technologies. The company has committed to recycling more than 250 million pounds of plastic waste annually by 2025.

Two decades ago, Eastman Chemical accounted for approximately 40.0% of all property tax valuation in the City. Currently, that ratio is in the range of 23.4%, largely due to the growth of commercial, medical, retail, and residential sectors.

RECENT DEVELOPMENTS

Domtar. In May 2023, following a \$400 million renovation to the Kingsport Mill Domtar Packaging reopened operations in Kingsport. Presently the Kingsport Mill employs approximately 175 employees and is one of the largest producers of linerboard in the United States. The product developed at the Kingsport Mill is shipped nationally for the production of cardboard containers used to ship a variety of goods.

Source: City of Kingsport

BAE Systems Ordnance Systems Inc. [BAE OSI Systems, Kingport, Tennessee](#) was awarded a \$7,823,127 modification (P00800) to contract DAAA09-98-E-0006 for process improvements at the Holston Army Ammunition Plant. Work will be performed in Kingsport, Tennessee, with an estimated completion date of Sept. 3, 2024. Fiscal 2023 ammunition procurement, Army funds in the amount of \$7,823,127 were obligated at the time of the award. U.S. Army Contracting Command, Rock Island Arsenal, Illinois, is the contracting activity.

Aerospace Park. The [Aerospace Park](#) is a regional cooperative development located at Tri-Cities Airport. The Aerospace Park is being developed to create a large, build-ready site to promote and accommodate air travel, commerce, and navigation. The Aerospace Park is located on a 160-acre site that offers direct airfield access on Airport property located in Sullivan County, Tennessee. Washington and Sullivan County along with the cities of Bristol, Johnson City and Kingsport, Tennessee have joined in a partnership to support and underwrite financing for this project. Additionally, significant grant funding has been provided by the State of Tennessee.

The Aerospace Park is designed to accommodate various types and sizes of aircraft manufacturing, finishing, maintenance, repair and overhaul (“MRO”), and related aerospace activities. The potential users of the site are expected to include small aircraft/helicopter, corporate/business jet, large single and twin isle commercial aircraft, air cargo aircraft, and MRO operations. The ultimate build-out of the site potentially could accommodate more than 2,000 aerospace industry jobs.

Since 2001, more than \$23 million has been invested in site preparation, utilities installation, taxiway extensions, aircraft ramp, and roads that serve the Aerospace Park. In 2014, a bordering road was relocated, and a taxiway was extended. These improvements resulted in providing airside and landside access to the entire 160-acre site. The site is fully prepared and

certified for immediate development under the Select Tennessee Sites certification program.

RMC Advanced Technologies announced its U.S. headquarters and establishment of a manufacturing facility at Phipps Bend Industrial Park. The composite components manufacturer will invest \$7 million and create 54 new jobs.

Source: Tennessee Department of Economic & Community Development news release – May 16, 2018

Ware Manufacturing, a pet products manufacturer, announced it will create 32 jobs and invest \$1.1 million to expand its Hawkins County facilities.

Source: Tennessee Department of Economic & Community Development news release – May 12, 2015

Cooper Standard. In the first half of 2018, State, and local officials announced the expansion of Cooper Standard, an automotive supplier. The company planned to invest about \$1 million and fill 98 new positions. The company manufactures coolant tube and hose assemblies, transmission oil cooling lines, and fuel and brake lines. Prior to its expansion, the plant employed 340 people.

Bharat Forge. In early 2018, news came in the form of a buy-out of one of the region's mainstay manufacturers by the world's largest metal forging company. India-based Bharat Forge purchased Walker Forge and its assets for \$14 million. Since the purchase and subsequent creation of Bharat Forge-PMT Technologies, LLC, employment at the plant has grown and the newly formed company has made several significant equipment upgrades.

Source: City of Kingsport

Anita's Snack Foods. In late March 2019, Anita's Snack Foods announced a \$2 million expansion to its Kingsport facilities. The expansion added about 40,000 square feet to the existing 83,000 square foot facility located in the Gateway Commerce Park off Interstate 26. Additionally, the company announced that it is installing a third chip line. Anita's is a well-established California company that needed an additional facility to serve the entire eastern U.S. market. They have contracts with Walmart and Tyson Foods to serve the east coast. They produce tortilla chips for "On The Border" and "Late July" (a fast-growing acquisition of Campbell's brands) among others.

Source: City of Kingsport

Leclerc Foods. In April 2023, Tennessee Gov. Bill Lee, Department of Economic and Community Development Commissioner Stuart McWhorter and Leclerc Foods Tennessee LLC officials announced today the company will expand manufacturing operations at its U.S. headquarters in Kingsport, Tennessee. Founded in 1905, Leclerc Foods is a family-owned company that specializes in cookies, snack bars and crackers and exports to more than 30 countries. Leclerc has nine facilities in Canada and the U.S., and this will be the company's second expansion in Sullivan County since establishing operations in Kingsport in 2008.

Source: TNECD

OTHER NOTABLE DEVELOPMENT

The Blake at Kingsport. The Blake at Kingsport is a new assisted living facility representing \$21.5 million of new construction in the Colonial Heights area of Kingsport. It employs more than 80 skilled nurses and medical professionals.

Source: City of Kingsport

Fort Henry Mall. Hull Property Group has invested \$4.6 million into a total facelift with bright lights, clear lines, and an inviting retail experience. NCG Theater and Dunham's Sports have joined the line-up. The investment has been well-received by the community and stabilized an important cornerstone of the City's retail offerings. In June of 2023 Hull Property Group sold the former JC Penney building and adjoining parking to AJM, LLC for the future development of a Rural King store. This development has also spurred interest in out-parcel sales as well as reinvestment into the existing facility.

Source: City of Kingsport

Downtown Redevelopment. Appraised property values increased \$29.5 million during the past 7 to 8 years. This increase in values does not include non-taxable investments like higher education, parks, and the Farmers Market.

Source: City of Kingsport

Meade Tractor. Meade Tractor opened a new \$4 million corporate office and retail facility at I-81/I-26 employing approximately 30. Retailers of heavy equipment for farm and home, they have acquired a new line of tractors and heavy equipment with annual sales of more than \$4.6 million in 2017.

Source: City of Kingsport

New Multi-family Housing. Major apartment complexes were recently constructed and are at full or near-full capacity.

Source: City of Kingsport

- *Villas at Riverbend.* This multi-family housing development includes 265 units adjoining a future municipal park with more than 26 acres of riverfront access.
- *The Overlook at Indian Trail.* This multi-family housing development includes 168 units adjoining the 9-mile Kingsport Greenbelt.
- *Town Park Lofts.* This multi-family housing development includes 262 urban loft units in a 4-story downtown mixed-use complex that is unique in the region.
- *Retreat at MeadowView.* This multi-family housing development includes 72 units near MeadowView Resort, Cattails Golf, YMCA and the Aquatic Center.
- Bradley Hills Phase II. This multi-family housing development is an expansion of an existing complex that will have approximately 196 units adjacent to the Allandale Mansion owned by the City of Kingsport.
- *Brickyard Park.* Multi-family developed located adjacent to downtown Kingsport has received preliminary development approval and a recommendation for rezoning from the Kingsport Planning Commission. The development, anticipated to begin in the fall of

2023, will include single-family and multi-family housing as well as public amenities including a 5-acre greenspace for community activities. Anticipated number of units is approximately 400.

- *Shipp Springs*. Approximately 70 acres of land located in the northwest quadrant of Kingsport has recently been annexed and rezoned by the City of Kingsport in anticipation of residential development including both multi-family and single family. Developers have submitted conceptual plans detailing the potential buildout of approximately 600 units.
- *West Gate*. This housing development includes thirty-nine single family homes and 14 townhomes.
- *North Park*. This townhome development includes 87 units.
- *Gibson Springs*. This housing development includes 83 single family homes.
- *Miller Parke*. This housing development includes 95 single family homes.

EMPLOYMENT - GENERAL

The following chart depicts the average annual employment trends (on a seasonally adjusted basis) for the most recent five-year period:

<u>Location</u>	<u>M 2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
United States – Unemployment Rate	8.1%	4.3%	3.6%	3.4%	3.6%
Tennessee – Unemployment Rate	7.5%	3.2%	3.4%	3.2%	3.4%
Sullivan County – Unemployment Rate	7.1%	4.2%	3.5%	3.4%	3.6%
Sullivan County Labor Force	69,267	68,879	69,236	69,621	70,227
Sullivan County Employment	64,368	65,789	66,829	67,281	67,707
Sullivan County Unemployment	4,911	3,035	2,407	2,340	2,520
Kingsport – Unemployment Rate	9.1%	7.3%	4.6%	3.9%	3.8%

Source: Tennessee Department of Labor & Workforce Development - Annual Averages: Labor Force & Nonfarm Employment – Estimates 2017 – 2021, June 2022 and the City Annual Comprehensive Financial Reports.

CITY OF KINGSPOINT, TENNESSEE
PRINCIPAL EMPLOYERS FOR THE FISCAL YEARS NOTED

Employer	2024			2015		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Eastman	6,500	1	9.30%	6,848	1	10.30%
Ballad Health/Holston Valley Comm Hospital	1,518	2	2.20%	3,009	2	4.50%
Partner Industrial	1,390	3	2.00%			
Kingsport City Schools	1,214	4	1.70%	1,057	4	1.60%
BAE SYSTEMS Ordnance Systems, Inc.	900	5	1.30%	700	8	1.10%
City of Kingsport	833	6	1.20%	742	5	1.10%
Eastman Credit Union	693	7	1.00%			
Holston Medical Group	687	8	1.00%	718	7	1.10%
TEC Industrial Maintenance & Construction	490	9	0.70%			
Ballad Health/Indian Path Comm Hospital	438	10	0.60%	663	10	1.00%
Brock				1,564	3	2.40%
Jacobs				672	8	1.00%
Wal-Mart				725	5	1.10%
TOTAL:	14,663		20.90%	16,698		25.10%

Total Sullivan County Employment:
 FYE 2024 70,125
 FYE 2015 66,410

Source: NETWORKS/Sullivan Partnership and Employers

BUILDING PERMITS

The following chart depicts building permit activity in the City from fiscal year 2015 through 2024:

<u>FYE</u>	<u>Permits Issued</u>	<u>Estimated Value</u>
2024	695	\$147,189,892
2023	819	160,758,908
2022	840	156,118,762
2021	667	94,005,293
2020	739	72,795,973
2019	492	101,460,761
2018	518	125,319,037
2017	551	115,441,000
2016	606	87,070,000
2015	1,367	82,349,000

Source: City of Kingsport

DEBT STRUCTURE

CITY OF KINGSPORT
DEBT STRUCTURE - SUMMARY OF BONDED INDEBTEDNESS
As of June 30, 2025

Amount Issued ⁽¹⁾	Issue	General ⁽²⁾	Water	Sewer	Meadow View	Aquatic Center	Cattails Golf	Solid Waste	Storm Water	Date	Rates
9,698,196	TMBF Loan, Series 2008	-	658,196	-	-	-	-	-	-	May 2026	Variable
1,240,000	QSCB Loan 2009 (Schools)	85,838	-	-	-	-	-	-	-	July 2026	1.515%
3,110,000	General Obligation Bonds, Series 2012A	-	-	-	-	1,405,000	-	-	-	April 2032	2.000 - 5.000%
12,177,052	General Obligation Refunding Bonds, Series 2013	1,909,156	20,000	7,540,000	-	-	-	20,844	-	March 2032	2.500 - 4.000%
1,310,000	General Obligation Bonds, Series 2013A	-	-	-	-	700,000	-	-	-	March 2034	3.000 - 4.000%
27,510,000	General Obligation Improvement Bonds, Series 2013B	7,083,553	2,252,004	5,046,297	-	-	-	153,146	-	March 2034	2.000 - 5.000%
15,605,000	General Obligation Public Improvement Bonds, Series 2014A	8,251,572	-	-	-	-	-	1,478,429	-	Sept. 2034	2.000 - 5.000%
9,300,000	General Obligation Public Improvement Bonds, Series 2014B	-	1,601,514	3,878,486	-	-	-	-	-	Sept. 2034	2.000 - 5.000%
13,235,098	State Revolving Fund Loan (SRF Loan) - DWF 2014-140	-	8,816,581	-	-	-	-	-	-	August 2037	1.78%
17,695,000	General Obligation Refunding Bonds, Series 2015	6,600,000	-	-	-	-	-	-	-	March 2028	2.000 - 4.000%
15,105,000	General Obligation Refunding and Improvement Bonds, Series 2015A	3,428,773	947,758	2,053,469	-	-	-	-	-	March 2036	2.000 - 4.000%
16,580,000	General Obligation Refunding Bonds, Series 2016A	3,082,077	-	-	-	4,101,627	-	-	-	March 2029	2.000 - 4.000%
13,360,000	General Obligation Refunding Bonds, Series 2016B	2,212,065	-	-	-	-	4,612,935	-	-	March 2030	2.000 - 4.000%
21,335,000	General Obligation Public Improvement Bonds, Series 2016	5,123,179	2,157,937	4,554,288	2,139,598	-	-	-	-	March 2036	2.000 - 4.000%
14,855,000	General Obligation Public Improvement Bonds, Series 2017A	10,344,021	-	-	-	115,979	-	-	-	March 2037	2.000 - 5.000%
11,250,000	General Obligation Public Improvement Bonds, Series 2017B	-	819,041	7,075,959	-	-	-	-	-	March 2037	2.000 - 5.000%
7,040,000	General Obligation Improvement Bonds, Series 2018A	5,115,000	-	-	-	-	-	-	-	March 2038	3.000 - 5.000%
5,275,000	General Obligation Improvement Bonds, Series 2018B	-	3,011,170	993,830	-	-	-	-	-	March 2038	3.000 - 5.000%
2,360,000	General Obligation Improvement Bonds, Series 2018C	-	-	-	-	1,750,000	-	-	-	March 2038	3.000 - 5.000%
14,100,000	General Obligation Refunding Bonds, Series 2019	4,068,096	1,190,720	1,786,082	299,074	163,115	-	89,303	178,609	March 2038	5.000%
856,000	HUD - 108 Loan	254,000	-	-	-	-	-	-	-	August 2030	2.200 - 4.480%
18,615,000	General Obligation Improvement Bonds, Series 2019	7,071,627	4,549,928	2,716,704	257,682	-	184,058	-	-	March 2040	2.500 - 5.000%
2,000,000	General Obligation Capital Outlay Notes, Series 2020 (Schools)	1,333,332	-	-	-	-	-	-	-	October 2032	1.99%
14,925,000	General Obligation Refunding Bonds, Series 2020	6,570,165	1,660,059	1,876,742	-	73,568	237,658	-	181,810	March 2032	1.300 - 2.000%
9,205,000	General Obligation Public Improvement Bonds, Series 2021	8,248,737	1,236,638	5,685,849	743,775	-	-	-	-	March 2042	2.125-5.000%
2,637,159	2021 Energy Efficiency School Initiative Loan	2,466,420	-	-	-	-	-	-	-	2038	0.50%
1,300,000	State Revolving Fund Loan (SRF Loan) - DWF 2022-249	-	1,191,976	-	-	-	-	-	-	2044	1.06%
9,750,000	General Obligation Series 2023	40,085,000	9,585,000	11,235,000	-	-	-	-	-	Sept 2056	4.000 - 5.000%
\$ 291,428,505	Total Existing Debt	\$ 123,332,611	\$ 39,698,522	\$ 54,442,706	\$ 7,541,756	\$ 8,820,597	\$ 421,716	\$ 1,741,722	\$ 551,714		
	Less: Series 2013B	\$ (6,418,328)	\$ (2,040,516)	\$ (4,572,392)	\$ -	\$ -	\$ -	\$ (138,764)	\$ -		
	Plus: Series 2026A	\$ 10,020,000	\$ -	\$ 2,795,000	\$ -	\$ -	\$ 1,400,000	\$ -	\$ -		
	Plus: Series 2026B	\$ 6,035,000	\$ 1,920,000	\$ 4,295,000	\$ -	\$ -	\$ -	\$ 130,000	\$ -		
	Less: Debt Service Fund	(969,745)									
	Net Direct Debt	\$ 131,999,538	\$ 39,578,006	\$ 56,960,314	\$ 7,541,756	\$ 8,820,597	\$ 1,821,716	\$ 1,732,958	\$ 551,714		

⁽¹⁾ Does not include capitalized leases or compensated absences or amortized premium, if any. Inter-fund loans are not included. Also not included is the City's contingent liabilities. For more information on contingent liabilities, see the Comprehensive Annual Financial Reports and the Notes to the Financial Statements

CITY OF KINGSPORT
INDEBTEDNESS AND DEBT RATIOS

INTRODUCTION

The information set forth in the following table is based upon information derived from the Comprehensive Annual Financial Reports, including the one for the most recent reporting period. This table should be read in conjunction with those statements. The table does not include future funding plans, if any.

INDEBTEDNESS	2016	2017	2018 ⁽¹⁾	2019	2020	2021	2022	2023	2024	2025	2025 Post Issuance
TAX SUPPORTED											
Mortgage Bonds ⁽²⁾	\$ 130,586,519	\$ 129,016,199	\$ 129,230,026	\$ 120,483,171	\$ 117,494,327	\$ 111,301,275	\$ 114,113,284	\$ 104,271,467	\$ 134,524,227	\$ 123,332,611	\$ 131,999,538
TOTAL TAX SUPPORTED	\$ 130,586,519	\$ 129,016,199	\$ 129,230,026	\$ 120,483,171	\$ 117,494,327	\$ 111,301,275	\$ 114,113,284	\$ 104,271,467	\$ 134,524,227	\$ 123,332,611	\$ 131,999,538
REVENUE SUPPORTED											
Water & Sewer Bonds, Loans, Solid Waste Debt, Regional Sales Tax Supported Debt and Storm Water Bonds ⁽³⁾	\$ 107,901,965	\$ 114,120,807	\$ 126,906,142	\$ 125,477,882	\$ 129,259,700	\$ 120,318,046	\$ 119,650,882	\$ 111,752,379	\$ 123,367,230	\$ 113,218,733	\$ 117,007,061
TOTAL REVENUE SUPPORTED	\$ 107,901,965	\$ 114,120,807	\$ 126,906,142	\$ 125,477,882	\$ 129,259,700	\$ 120,318,046	\$ 119,650,882	\$ 111,752,379	\$ 123,367,230	\$ 113,218,733	\$ 117,007,061
TOTAL DEBT	\$ 238,488,484	\$ 243,137,006	\$ 256,136,168	\$ 245,961,053	\$ 246,754,027	\$ 231,619,321	\$ 233,764,166	\$ 216,023,846	\$ 257,891,457	\$ 236,551,344	\$ 249,006,599
Less: Revenue Supported Debt	(107,901,965)	(114,120,807)	(126,906,142)	(125,477,882)	(129,259,700)	(120,318,046)	(119,650,882)	(111,752,379)	(123,367,230)	(113,218,733)	(117,007,061)
Less: Debt Service Fund Balance	(340,307)	(652,554)	(362,879)	(420,662)	(468,479)	(467,979)	(274,955)	(559,729)	(969,745)	(969,745)	(969,745)
NET DIRECT DEBT	\$ 130,246,212	\$ 128,363,645	\$ 128,867,147	\$ 120,062,509	\$ 117,025,848	\$ 110,833,296	\$ 113,838,329	\$ 103,711,738	\$ 133,554,482	\$ 123,332,611	\$ 131,999,538
PENDING DEBT⁽⁴⁾	\$ 38,598,913	\$ 141,720,520	\$ 89,310,830	\$ 89,310,830	\$ 86,582,527	\$ 98,064,430	\$ 107,326,448	\$ 101,727,526	\$ 100,008,418	\$ 100,008,418	\$ 100,008,418
NET DIRECT & OVERLAPPING DEBT	\$ 168,845,125	\$ 270,084,165	\$ 218,177,977	\$ 209,373,339	\$ 203,608,375	\$ 208,897,726	\$ 221,164,777	\$ 205,439,264	\$ 233,562,900	\$ 223,341,029	\$ 232,007,956
PROPERTY TAX BASE											
Estimated Actual Value	\$ 5,734,328,781	\$ 5,968,712,220	\$ 6,128,818,929	\$ 6,249,357,353	\$ 6,905,663,769	\$ 6,937,722,821	\$ 6,796,421,584	\$ 6,822,577,856	\$ 6,544,285,308	\$ 9,970,390,728	\$ 9,970,390,728
Appraised Value	5,534,200,707	4,760,404,164	6,128,818,929	6,249,357,353	6,086,880,186	6,098,959,810	6,796,421,584	6,822,577,856	6,544,285,308	6,662,397,847	6,662,397,847
Assessed Value	1,771,157,587	1,784,915,122	1,885,882,539	1,919,442,436	1,878,156,270	1,888,082,989	2,097,423,278	2,097,856,164	2,008,796,383	2,092,823,683	2,092,823,683
Source: Tennessee Tax Aggregate Reports.											

in FY 2018, treats solid waste debt as self-supported by the general fund since it is not self-supporting as is storm water debt. See the storm water debt schedule herein.

Include compensated absences, capitalized leases or contingent liabilities. See the Notes to the Financial Statements accessible as indicated in APPENDIX D for additional details.

⁽³⁾ Revenue Supported Debt includes debt that is supported by the Water and Sewer Enterprise Funds revenues, by the Regional Sales Tax revenues, and by Storm Water revenues. Solid Waste enterprise debt is not fully supported by respective revenues but is included as general fund supported debt in this chart for illustration purposes (see the subsequent schedules herein).

PENDING DEBT Includes the Municipality's estimated portion of Sullivan County's debt and Hawkins County's debt - best available information includes estimates. 2025 estimate is not yet available.

DEBT RATIOS	2016	2017	2018⁽¹⁾	2019	2020	2021	2022	2023	2024	2025	2025 Post Issuance
TOTAL DEBT to Estimated Actual Value	4.16%	4.07%	4.18%	3.94%	3.57%	3.34%	3.44%	3.17%	3.94%	2.37%	2.50%
TOTAL DEBT to Appraised Value	4.31%	5.11%	4.18%	3.94%	4.05%	3.80%	3.44%	3.17%	3.94%	3.55%	3.74%
TOTAL DEBT to Assessed Value	13.47%	13.62%	13.58%	12.81%	13.14%	12.27%	11.15%	10.30%	12.84%	11.30%	11.90%
NET DIRECT DEBT to Estimated Actual Value	2.27%	2.15%	2.10%	1.92%	1.69%	1.60%	1.67%	1.52%	2.04%	1.24%	1.32%
NET DIRECT DEBT to Appraised Value	2.35%	2.70%	2.10%	1.92%	1.92%	1.82%	1.67%	1.52%	2.04%	1.85%	1.98%
NET DIRECT DEBT to Assessed Value	7.35%	7.19%	6.83%	6.26%	6.23%	5.87%	5.43%	4.94%	6.65%	5.89%	6.31%
OVERLAPPING DEBT to Estimated Actual Value	0.67%	2.37%	1.46%	1.43%	1.25%	1.41%	1.58%	1.49%	1.53%	1.00%	1.00%
OVERLAPPING DEBT to Appraised value	0.70%	2.98%	1.46%	1.43%	1.42%	1.61%	1.58%	1.49%	1.53%	1.50%	1.50%
OVERLAPPING DEBT to Assessed Value	2.18%	7.94%	4.74%	4.65%	4.61%	5.19%	5.12%	4.85%	4.98%	4.78%	4.78%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	2.94%	4.52%	3.56%	3.35%	2.95%	3.01%	3.25%	3.01%	3.57%	2.24%	2.33%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	3.05%	5.67%	3.56%	3.35%	3.35%	3.43%	3.25%	3.01%	3.57%	3.35%	3.48%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	9.53%	15.13%	11.57%	10.91%	10.84%	11.06%	10.54%	9.79%	11.63%	10.67%	11.09%
PER CAPITA DEBT RATIOS											
POPULATION ⁽²⁾	52,898	52,871	52,698	53,115	53,719	54,127	55,582	56,150	56,704	56,704	56,704
PER CAPITA PERSONAL INCOME ⁽³⁾	\$ 25,958	\$ 26,949	\$ 28,336	\$ 29,174	\$ 29,174	\$ 30,740	\$ 30,275	\$ 31,678	\$ 34,878	\$ 34,878	\$ 34,878
Estimated Actual Value to POPULATION	\$ 108,404	\$ 112,892	\$ 116,301	\$ 117,657	\$ 128,552	\$ 128,175	\$ 122,277	\$ 121,506	\$ 115,411	\$ 175,832	\$ 175,832
Assessed Value to POPULATION	\$ 33,483	\$ 33,760	\$ 35,787	\$ 36,137	\$ 34,963	\$ 34,882	\$ 37,736	\$ 37,362	\$ 35,426	\$ 36,908	\$ 36,908
Total Debt to POPULATION	\$ 4,508	\$ 4,599	\$ 4,860	\$ 4,631	\$ 4,593	\$ 4,279	\$ 4,206	\$ 3,847	\$ 4,548	\$ 4,172	\$ 4,391
Net Direct Debt to POPULATION	\$ 2,462	\$ 2,428	\$ 2,445	\$ 2,260	\$ 2,178	\$ 2,048	\$ 2,048	\$ 1,847	\$ 2,355	\$ 2,175	\$ 2,238
Overlapping Debt to POPULATION	\$ 730	\$ 2,680	\$ 1,695	\$ 1,681	\$ 1,612	\$ 1,812	\$ 1,931	\$ 1,812	\$ 1,764	\$ 1,764	\$ 1,764
Net Direct & Overlapping Debt to POPULATION	\$ 3,192	\$ 5,108	\$ 4,140	\$ 3,942	\$ 3,790	\$ 3,859	\$ 3,979	\$ 3,659	\$ 4,119	\$ 3,939	\$ 4,092
Total Debt Per Capita as a percent of PER CAPITAL PERSONAL INCOME	17.37%	17.06%	17.15%	15.87%	15.74%	13.92%	13.89%	12.14%	13.04%	11.96%	12.59%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	9.49%	9.01%	8.63%	7.75%	7.47%	6.66%	6.77%	5.83%	6.75%	6.24%	6.67%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	2.81%	9.95%	5.98%	5.76%	5.52%	5.89%	6.38%	5.72%	5.06%	5.06%	5.06%
Net Direct & Overlapping Debt Per Capita as a % PER CAPITAL PERSONAL INCOME	12.30%	18.96%	14.61%	13.51%	12.99%	12.55%	13.14%	11.55%	11.81%	11.29%	11.73%

⁽¹⁾ Treats Solid Waste and Storm Water as self-supporting debt thereby reducing Net Direct Debt and increasing revenue supported debt by identical amounts. See the Storm Water and Solid Waste.

⁽²⁾ POPULATION data according to: the U.S. Census data and population estimates provided by the Municipality.

⁽³⁾ PER CAPITA PERSONAL INCOME is based upon the most current data available from the Municipality.

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - General Fund Supported
As of June 30, 2025

Year Ending June 30	PRINCIPAL REQUIREMENTS					INTEREST REQUIREMENTS								
	Existing Principal	Less: Refunded Bonds	Plus: Series 2026A	Plus: Series 2026B	Total Principal	Percent		Less Retired	Total Interest	Refunded Bonds	Plus: Series 2026A	Plus: Series 2026B	Total Interest	Total Debt Service Requirements
						Total Debt	Debt Retired							
2026	\$ 11,470,972	\$ -	\$ -		\$ 11,470,972		\$ 4,364,507	\$ -	\$ -	\$ -	\$ -	\$ 4,364,507	\$ 15,835,479	
2027	11,834,211	(692,029)	335,000	660,000	12,137,182		3,916,997	(261,341)	463,546	255,252	463,546	255,252	4,374,453	16,511,635
2028	9,775,754	(723,707)	330,000	680,000	10,062,047		3,512,795	(233,660)	470,300	239,950	470,300	239,950	3,989,385	14,051,432
2029	8,642,171	(752,947)	340,000	705,000	8,934,224		3,185,232	(202,902)	451,100	212,750	451,100	212,750	3,646,179	12,580,403
2030	7,927,430	(784,625)	355,000	735,000	8,232,805	40.26%	2,889,660	(170,902)	443,500	184,550	443,500	184,550	3,346,808	11,579,613
2031	6,756,883	(816,302)	370,000	760,000	7,070,581		2,613,822	(139,517)	429,300	155,150	429,300	155,150	3,058,755	10,129,336
2032	6,931,133	(850,416)	385,000	795,000	7,260,717		2,394,986	(106,865)	414,500	124,750	414,500	124,750	2,827,371	10,088,088
2033	6,134,854	(882,094)	405,000	830,000	6,487,760		2,176,992	(72,848)	395,250	85,000	395,250	85,000	2,584,393	9,072,153
2034	6,177,292	(916,208)	425,000	870,000	6,556,084		1,970,368	(37,565)	375,000	43,500	375,000	43,500	2,351,303	8,907,387
2035	5,436,594	-	445,000	-	5,881,594	65.75%	1,758,601	-	353,750	-	353,750	-	2,112,351	7,993,945
2036	4,626,765	-	465,000	-	5,091,765		1,590,678	-	331,500	-	331,500	-	1,922,178	7,013,943
2037	3,860,831	-	490,000	-	4,350,831		1,435,794	-	308,250	-	308,250	-	1,744,044	6,094,875
2038	2,952,678	-	515,000	-	3,467,678		1,303,159	-	283,750	-	283,750	-	1,586,909	5,054,587
2039	2,541,589	-	540,000	-	3,081,589		1,196,668	-	258,000	-	258,000	-	1,454,668	4,536,257
2040	2,497,097	-	570,000	-	3,067,097	79.11%	1,102,595	-	231,000	-	231,000	-	1,333,595	4,400,692
2041	2,057,904	-	595,000	-	2,652,904		1,019,157	-	202,500	-	202,500	-	1,221,657	3,874,561
2042	2,128,453	-	625,000	-	2,753,453		948,399	-	172,750	-	172,750	-	1,121,149	3,874,602
2043	1,600,000	-	655,000	-	2,255,000		874,388	-	141,500	-	141,500	-	1,015,888	3,270,888
2044	1,660,000	-	690,000	-	2,350,000		810,388	-	108,750	-	108,750	-	919,138	3,269,138
2045	1,730,000	-	725,000	-	2,455,000	86.55%	743,988	-	74,250	-	74,250	-	818,238	3,273,238
2046	1,800,000	-	760,000	-	2,560,000		674,788	-	38,250	-	38,250	-	713,038	3,273,038
2047	1,870,000	-	-	-	1,870,000		602,788	-	-	-	-	-	602,788	2,472,788
2048	1,945,000	-	-	-	1,945,000		527,988	-	-	-	-	-	527,988	2,472,988
2049	2,025,000	-	-	-	2,025,000		450,188	-	-	-	-	-	450,188	2,475,188
2050	2,105,000	-	-	-	2,105,000	94.45%	369,188	-	-	-	-	-	369,188	2,474,188
2051	2,190,000	-	-	-	2,190,000		282,356	-	-	-	-	-	282,356	2,472,356
2052	2,280,000	-	-	-	2,280,000		192,019	-	-	-	-	-	192,019	2,472,019
2053	2,375,000	-	-	-	2,375,000	100.00%	97,969	-	-	-	-	-	97,969	2,472,969
	<u>\$ 123,332,611</u>	<u>\$ (6,418,328)</u>	<u>\$ 10,020,000</u>	<u>\$ 6,035,000</u>	<u>\$ 132,969,283</u>		<u>\$ 43,006,445</u>	<u>\$ (1,225,600)</u>	<u>\$ 5,946,746</u>	<u>\$ 1,300,902</u>	<u>\$ 44,663,987</u>	<u>\$ 181,997,776</u>		

⁽¹⁾ Does not include capitalized leases or compensated absences of inter-fund loans, if any. Debt is secured by the City's "full faith, credit and unlimited taxing power..." (i.e., its "G.O. pledge"). Additionally, debt associated with the Meadowview Convention and Conference Center, the Aquatic Center and Cattails Golf Course is also G.O. secured but is fully payable from net revenue or Local Option Sales Taxes located in the district encompassing each of the 3 enterprise activities.

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - WATER ENTERPRISE FUND
Water System Revenue Supported Obligations
As of June 30, 2025 ⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS					Percent Total Debt Retired	INTEREST REQUIREMENTS					Total Debt Service Requirements
	Existing Principal ⁽¹⁾	Less: Refunded Bonds	Plus: Series 2026B	Total Principal	Existing Interest		Less: Refunded Bonds	Plus: Series 2026B	Total Interest			
2026	\$ 3,186,379	\$ -	\$ -	\$ 3,186,379	\$ 1,441,571	\$ -	\$ -	\$ 1,441,571	\$ 4,627,950			
2027	2,613,047	(220,010)	210,000	2,603,037	1,322,170	(83,086)	81,219	1,320,303	3,935,217			
2028	2,687,990	(230,081)	215,000	2,672,909	1,201,907	(74,284)	76,350	1,203,973	3,889,897			
2029	2,773,929	(239,377)	225,000	2,759,552	1,083,804	(64,507)	67,750	1,087,047	3,857,733			
2030	2,859,793	(249,448)	235,000	2,845,345	999,098	(54,333)	58,750	1,003,515	3,858,891			
2031	2,557,085	(259,519)	240,000	2,537,566	42.01%	912,263	(44,355)	49,350	917,258	3,469,348		
2032	2,630,342	(270,365)	255,000	2,614,977		830,052	(33,975)	39,750	835,827	3,460,394		
2033	2,446,015	(280,435)	265,000	2,430,580		746,293	(23,160)	27,000	750,133	3,192,308		
2034	2,521,215	(291,281)	275,000	2,504,934		676,666	(11,943)	13,750	678,473	3,197,881		
2035	2,288,380	-	-	2,288,380		604,042	-	-	604,042	2,892,422		
2036	2,163,953	-	-	2,163,953	72.37%	533,461	-	-	533,461	2,697,414		
2037	1,892,269	-	-	1,892,269		461,423	-	-	461,423	2,353,692		
2038	1,182,728	-	-	1,182,728		400,770	-	-	400,770	1,583,498		
2039	797,716	-	-	797,716		340,589	-	-	340,589	1,138,305		
2040	822,309	-	-	822,309		292,862	-	-	292,862	1,115,171		
2041	511,754	-	-	511,754	85.48%	259,155	-	-	259,155	770,909		
2042	524,830	-	-	524,830		234,607	-	-	234,607	759,437		
2043	451,616	-	-	451,616		209,415	-	-	209,415	661,031		
2044	407,172	-	-	407,172		193,691	-	-	193,691	600,863		
2045	415,000	-	-	415,000		177,875	-	-	177,875	592,875		
2046	430,000	-	-	430,000	91.10%	161,275	-	-	161,275	591,275		
2047	445,000	-	-	445,000		144,075	-	-	144,075	589,075		
2048	465,000	-	-	465,000		126,275	-	-	126,275	591,275		
2049	485,000	-	-	485,000		107,675	-	-	107,675	592,675		
2050	505,000	-	-	505,000		88,275	-	-	88,275	593,275		
2051	525,000	-	-	525,000	97.20%	67,444	-	-	67,444	592,444		
2052	545,000	-	-	545,000		45,788	-	-	45,788	590,788		
2053	565,000	-	-	565,000	100.00%	23,306	-	-	23,306	588,306		
	<u>\$ 39,698,525</u>	<u>\$ (2,040,516)</u>	<u>\$ 1,920,000</u>	<u>\$ 39,578,009</u>		<u>\$ 13,685,827</u>	<u>\$ (389,642)</u>	<u>\$ 413,919</u>	<u>\$ 13,710,104</u>	<u>\$ 53,384,351</u>		

⁽¹⁾ Does not include capitalized leases, compensated absences, or amortized premium, if any. Debt is secured by the City's "full faith, credit and unlimited taxing power..." (i.e., its "G.O. pledge"), but all debt service is paid from the net revenues of the City's water system. For more information including separate amortization schedules for the water funds, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements. Does include the full \$1,300,000 SRF of which \$891,000 is currently drawn

⁽²⁾ For the current rates and charges and individual debt schedules for the Water Fund, see the Comprehensive Annual Financial Report

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - SEWER ENTERPRISE FUND
Sewer System Revenue Supported Obligations
As of June 30, 2025 ⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS						INTEREST REQUIREMENTS						Total Debt Service Requirements	
	Existing Principal ⁽¹⁾	Less: Refunded Bonds	Plus: Series 2026A	Plus: Series 2026B	Total Principal	Percent Total Debt Retired	Less: Existing Interest	Plus: Refunded Bonds	Plus: Series 2026A	Plus: Series 2026B	Total Interest			
2026	\$ 4,320,861	\$ -	\$ -	\$ -	\$ 4,320,861		\$ 1,855,316	\$ -	\$ -	\$ -	\$ 1,855,316	\$ 6,176,176		
2027	4,448,617	(492,999)	95,000	470,000	4,520,618		1,708,139	(186,178)	129,279	181,652	1,832,891	6,353,509		
2028	4,521,331	(515,566)	90,000	485,000	4,580,765		1,551,457	(166,458)	131,100	170,750	1,686,848	6,267,613		
2029	4,677,018	(536,397)	95,000	500,000	4,735,621		1,396,905	(144,547)	127,500	151,350	1,531,208	6,266,828		
2030	4,836,037	(558,963)	100,000	520,000	4,897,074	41.89%	1,236,855	(121,750)	123,700	131,350	1,370,155	6,267,228		
2031	4,442,918	(581,531)	105,000	545,000	4,511,387		1,072,971	(99,391)	119,700	110,550	1,203,829	5,715,216		
2032	3,490,044	(605,833)	105,000	565,000	3,554,211		929,175	(76,130)	115,500	88,750	1,057,294	4,611,505		
2033	3,142,003	(628,400)	110,000	590,000	3,213,603		816,280	(51,897)	110,250	60,500	935,133	4,148,736		
2034	3,247,235	(652,703)	120,000	620,000	3,334,532		709,629	(26,761)	104,750	31,000	818,618	4,153,150		
2035	2,677,041	-	125,000	-	2,802,041	73.11%	599,296	-	98,750	-	698,046	3,500,087		
2036	2,309,838	-	130,000	-	2,439,838		518,952	-	92,500	-	611,452	3,051,290		
2037	1,670,791	-	135,000	-	1,805,791		445,805	-	86,000	-	531,805	2,337,596		
2038	1,012,589	-	145,000	-	1,157,589		392,032	-	79,250	-	471,282	1,628,871		
2039	957,007	-	150,000	-	1,107,007		357,746	-	72,000	-	429,746	1,536,753		
2040	986,960	-	160,000	-	1,146,960	85.85%	325,295	-	64,500	-	389,795	1,536,755		
2041	813,349	-	165,000	-	978,349		295,598	-	56,500	-	352,098	1,330,447		
2042	839,067	-	175,000	-	1,014,067		271,031	-	48,250	-	319,281	1,333,348		
2043	450,000	-	185,000	-	635,000		245,138	-	39,500	-	284,638	919,638		
2044	465,000	-	195,000	-	660,000		227,138	-	30,250	-	257,388	917,388		
2045	485,000	-	200,000	-	685,000	91.46%	208,538	-	20,500	-	229,038	914,038		
2046	505,000	-	210,000	-	715,000		189,138	-	10,500	-	199,638	914,638		
2047	525,000	-	-	-	525,000		168,938	-	-	-	168,938	693,938		
2048	545,000	-	-	-	545,000		147,938	-	-	-	147,938	692,938		
2049	565,000	-	-	-	565,000		126,138	-	-	-	126,138	691,138		
2050	590,000	-	-	-	590,000	96.47%	103,538	-	-	-	103,538	693,538		
2051	615,000	-	-	-	615,000		79,200	-	-	-	79,200	694,200		
2052	640,000	-	-	-	640,000		53,831	-	-	-	53,831	693,831		
2053	665,000	-	-	-	665,000	100.00%	27,431	-	-	-	27,431	692,431		
	<u>\$ 54,442,704</u>	<u>\$ (4,572,392)</u>	<u>\$ 2,795,000</u>	<u>\$ 4,295,000</u>	<u>\$ 56,960,312</u>		<u>\$ 16,059,436</u>	<u>\$ (873,112)</u>	<u>\$ 1,660,279.17</u>	<u>\$ 925,902</u>	<u>\$ 17,772,505</u>	<u>\$ 74,732,816</u>		

⁽¹⁾ Does not include capitalized leases, compensated absences, or amortized premium, if any. Debt is secured by the City's "full faith, credit and unlimited taxing power..." (i.e., its "G.O. pledge"), but all debt service is paid from the net revenues of the City's sewer system. For more information including separate amortization schedules for the sewer funds, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements.

⁽²⁾ For the current rates and charges and individual debt schedules for the Sewer Fund, see the Comprehensive Annual Financial Report

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - MEADOW VIEW ENTERPRISE FUND
Regional Sales Tax and Other Revenue Supported Obligations
As of June 30, 2025 ⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS		INTEREST REQUIREMENTS		Total Debt Service Requirements
	Total Principal ⁽¹⁾	Percent Retired	Total Interest		
2026	\$ 1,246,621		\$ 239,909	\$ 1,486,530	
2027	1,287,972		189,015		1,476,987
2028	1,333,665		146,536		1,480,201
2029	1,367,639		112,964		1,480,603
2030	313,697	73.58%	68,143		381,840
2031	250,335		56,640		306,975
2032	258,063		48,724		306,787
2033	264,493		40,982		305,475
2034	273,221		33,047		306,268
2035	280,949	91.18%	24,929		305,878
2036	288,911		16,501		305,412
2037	65,543		8,306		73,849
2038	66,680		6,823		73,503
2039	68,605		5,313		73,918
2040	69,742	98.60%	3,760		73,502
2041	52,109		2,179		54,288
2042	53,511	100.00%	1,137		54,648
	\$ 7,541,757		\$ 1,004,908	\$ 8,546,665	

⁽¹⁾ Does not include capitalized leases, inter-fund loans or compensated absences or amortized premium, if any. Includes debt issued for MeadowView Conference Resort and Convention Center which is secured by the City's G.O. pledge, but is payable from the net revenues of each enterprise and/or Regional Sales Taxes generated in the district encompassing this enterprise activity. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements.

⁽²⁾ For the current rates and charges for the Regional Sales Tax Fund, see the Comprehensive Annual Financial Report

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CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - AQUATICS CENTER ENTERPRISE FUND
Regional Sales Tax and Other Revenue Supported Obligations
As of June 30, 2025 ⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS		INTEREST REQUIREMENTS		Total Debt Service Requirements
	Total Principal ⁽¹⁾	Percent Retired	Total Debt Retired	Total Interest	
2026	\$ 1,344,038		\$ 277,335	\$ 1,621,373	
2027	1,398,089		227,165	1,625,254	
2028	1,437,023		184,067	1,621,090	
2029	1,477,592		149,800	1,627,392	
2030	1,144,978		104,038	1,249,016	
2031	440,252	82.10%	68,126	508,378	
2032	460,737		53,739	514,476	
2033	234,979		38,487	273,466	
2034	240,256		30,237	270,493	
2035	155,589		21,780	177,369	
2036	160,866	96.30%	16,749	177,615	
2037	166,198		11,361	177,559	
2038	160,000	100.00%	5,600	165,600	
	<u>\$ 8,820,597</u>		<u>\$ 1,188,484</u>	<u>\$ 10,009,081</u>	

⁽¹⁾ Does not include capitalized leases, inter-fund loans or compensated absences or amortized premium, if any. Includes debt issued for the Aquatics Center which is secured by the City's G.O. pledge, but is payable from the net revenues of each enterprise and/or Regional Sales Taxes generated in the district encompassing this enterprise activity. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements.

⁽²⁾ For the current rates and charges for the Regional Sales Tax Fund, see the Comprehensive Annual Financial Report

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CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - CATTAILS GOLF ENTERPRISE FUND
Regional Sales Tax and Other Revenue Supported Obligations
As of June 30, 2025 ⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS				Percent Total Debt Retired	INTEREST REQUIREMENTS				Total Debt Service Requirements
	Existing Principal ⁽¹⁾	Series 2026A Principal	Total Principal	Interest		Existing Interest	Series 2026A Interest	Total Interest		
2026	\$ 44,141	\$ -	\$ 44,141			\$ 10,341	\$ -	10,341	\$ 54,482	
2027	45,548	70,000	115,548			9,096	63,538	72,634	188,182	
2028	46,844	70,000	116,844			7,803	63,500	71,303	188,147	
2029	47,964	70,000	117,964			6,467	60,700	67,167	185,131	
2030	48,849	80,000	128,849	28.73%		5,608	57,900	63,508	192,357	
2031	45,312	80,000	125,312			4,677	54,700	59,377	184,689	
2032	46,296	80,000	126,296			3,790	51,500	55,290	181,586	
2033	10,959	85,000	95,959			2,846	47,500	50,346	146,305	
2034	11,270	90,000	101,270			2,518	43,250	45,768	147,038	
2035	11,582	95,000	106,582	59.22%		2,236	38,750	40,986	147,568	
2036	11,893	100,000	111,893			1,889	34,000	35,889	147,782	
2037	12,266	45,000	57,266			1,532	29,000	30,532	87,798	
2038	12,578	50,000	62,578			1,164	26,750	27,914	90,492	
2039	12,951	50,000	62,951			786	24,250	25,036	87,987	
2040	13,263	55,000	68,263	79.14%		398	21,750	22,148	90,411	
2041	-	55,000	55,000			-	19,000	19,000	74,000	
2042	-	60,000	60,000			-	16,250	16,250	76,250	
2043	-	60,000	60,000			-	13,250	13,250	73,250	
2044	-	65,000	65,000			-	10,250	10,250	75,250	
2045	-	70,000	70,000	96.16%		-	7,000	7,000	77,000	
2046	-	70,000	70,000	100.00%		-	3,500	3,500	73,500	
	<u>\$ 421,717</u>	<u>\$ 1,400,000</u>	<u>\$ 1,821,717</u>			<u>\$ 61,151</u>	<u>\$ 686,338</u>	<u>\$ 747,489</u>	<u>\$ 2,569,205</u>	

⁽¹⁾ Does not include capitalized leases, inter-fund loans or compensated absences or amortized premium, if any. Includes debt issued for the Cattails Golf Course which is secured by the City's G.O. pledge, but is payable from the net revenues of each enterprise and/or Regional Sales Taxes generated in the district encompassing this enterprise activity. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements.

⁽²⁾ For the current rates and charges for the Regional Sales Tax Fund, see the Comprehensive Annual Financial Report

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CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - SOLID WASTE ENTERPRISE FUND
General Fund Supported Obligations
As of June 30, 2025⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS					INTEREST REQUIREMENTS					Total Debt Service Requirements
	Existing Principal ⁽¹⁾	Less: Refunded Bonds	Plus: Series 2026B	Total Principal	Percent Total Debt Retired	Existing Interest	Less: Refunded Bonds	Plus: Series 2026B	Total Interest		
2026	\$ 163,913	\$ -	\$ -	\$ 163,913		\$ 62,089	\$ -	\$ -	\$ 62,089	\$ 226,002	
2027	171,698	(14,962)	15,000	171,736		54,738	(5,650)	5,510	54,598	226,334	
2028	167,921	(15,646)	15,000	167,275		47,663	(5,052)	5,150	47,761	215,036	
2029	174,734	(16,279)	15,000	173,455		40,661	(4,387)	4,550	40,824	214,279	
2030	181,713	(16,964)	15,000	179,749	49.38%	33,338	(3,694)	3,950	33,594	213,343	
2031	168,834	(17,648)	15,000	166,186		25,709	(3,016)	3,350	26,043	192,229	
2032	174,890	(18,386)	15,000	171,504		19,632	(2,310)	2,750	20,072	191,576	
2033	180,133	(19,071)	20,000	181,062		14,133	(1,575)	2,000	14,558	195,620	
2034	186,188	(19,808)	20,000	186,380		8,460	(812)	1,000	8,648	195,028	
2035	171,698	-	-	171,698	100.00%	2,576	-	-	2,576	174,274	
	<u>\$1,741,722</u>	<u>\$ (138,764)</u>	<u>\$ 130,000</u>	<u>\$1,732,958</u>		<u>\$308,999</u>	<u>\$ (26,496)</u>	<u>\$ 28,260</u>	<u>\$ 310,763</u>	<u>\$2,043,721</u>	

⁽¹⁾ Does not include capitalized leases, compensated absences or amortized premiums, if any or contingent liabilities. Inter-fund loans, if any, are also not included. Solid Waste enterprise debt is secured by the City's G.O. pledge. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements.

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CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - STORM WATER ENTERPRISE FUND
System and Other Revenue Supported Obligations
As of June 30, 2025 ⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS		INTEREST REQUIREMENTS		
	Total Principal ⁽¹⁾	Percent Retired	Total Debt	Total Interest	Total Debt Service Requirements
2026	\$ 102,440		\$ 17,783	\$ 120,223	
2027	106,335		13,853	120,188	
2028	110,013		10,233	120,246	
2029	113,202		6,966	120,168	
2030	65,696	90.21%	3,266	68,962	
2031	26,757		919	27,676	
2032	27,271	100.00%	477	27,748	
	\$ 551,714		\$ 53,497	\$ 605,211	

(1) Does not include capitalized leases, compensated absences, amortized premium, if any or contingent liabilities. Inter-fund loans, if any, are also not included. Storm Water enterprise debt is secured by the City's G.O. pledge. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements

(2) For the current rates and charges for the Storm Water Fund, see the Comprehensive Annual Financial Report

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CITY OF KINGSPORT
Ten Year Summary of Revenues, Expenditures and
Changes In Fund Balances - General Fund

	<u>2015</u>	<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>
Revenues										
Taxes	\$ 43,806,004	\$ 43,231,684	\$ 48,097,883	\$ 48,507,601	\$ 48,420,234	\$ 49,458,647	\$ 50,273,771	\$ 51,839,618	\$ 56,053,181	\$ 53,682,905
Licenses and Permits	518,480	456,360	569,817	547,907	497,594	392,623	412,534	730,992	877,495	903,001
Intergovernmental	23,943,819	24,706,071	24,368,885	25,178,011	25,526,132	25,326,046	29,585,447	32,347,504	32,814,280	33,549,551
Charges for Services	1,963,227	2,447,112	2,811,932	2,150,796	2,380,703	2,066,882	1,560,430	2,030,706	2,186,318	3,167,315
Fines and Forfeitures	749,630	842,116	930,840	988,350	923,978	713,493	735,466	765,406	891,422	1,231,284
Investment Earnings	11,602	44,714	54,346	124,419	279,768	244,503	31,473	17,295	954,035	1,584,250
Contributions and Donations	125,000	126,661	181,885	202,454	200,000	150,344	350,000	750,050	275,320	181,508
Miscellaneous	120,296	94,985	119,650	185,674	163,283	191,308	149,366	1,802,931	419,335	617,929
Total Revenues	\$ 71,238,058	\$ 71,949,703	\$ 77,135,238	\$ 77,885,212	\$ 78,391,692	\$ 78,543,846	\$ 83,098,487	\$ 90,284,502	\$ 94,471,386	\$ 94,917,743
Expenditures										
General government	\$ 8,613,724	\$ 8,609,982	\$ 8,611,071	\$ 9,233,769	\$ 9,446,589	\$ 9,086,441	\$ 8,983,144	\$ 10,041,530	\$ 11,331,219	\$ 12,752,562
Public Safety:	20,171,508	20,272,421	21,308,120	21,830,277	21,977,452	22,393,285	22,299,073	23,052,682	24,960,133	26,416,432
Public Works	6,854,129	7,343,759	10,134,719	10,327,076	10,497,786	10,721,615	10,801,664	11,172,782	13,699,424	14,453,868
Economic and Physical Dev.	3,518,154	3,432,304	1,598,330	1,517,582	1,509,446	1,414,793	1,560,362	1,607,188	1,947,004	2,110,433
Culture and Recreation	5,176,467	5,411,743	5,565,884	5,726,987	4,558,962	4,420,646	4,528,329	5,210,557	4,903,995	4,770,207
Miscellaneous Gov. Services	1,010,101	769,025	798,983	963,700	960,043	1,025,990	1,297,432	1,062,775	1,314,814	1,449,011
Capital Outlay	46,481	56,022	37,133	93,395	17,825	88,048	15,202	147,423	178,384	231,082
Total Expenditures	\$ 45,390,564	\$ 45,895,256	\$ 48,054,240	\$ 49,692,786	\$ 48,968,103	\$ 49,150,818	\$ 49,485,206	\$ 52,294,937	\$ 58,334,973	\$ 62,183,595
Excess of Revenues										
Over (Under) Expenditures	\$ 25,847,494	\$ 26,054,447	\$ 29,080,998	\$ 28,192,426	\$ 29,423,589	\$ 29,393,028	\$ 33,613,281	\$ 37,989,565	\$ 36,136,413	\$ 32,734,148
Other Financing Sources (Uses)										
Transfers In	\$ 3,414,619	\$ 3,435,818	\$ 3,442,979	\$ 3,470,598	\$ 3,428,877	\$ 3,414,240	\$ 3,349,426	\$ 3,466,965	\$ 3,555,486	\$ 4,338,802
Transfers Out	(28,134,458)	(29,137,892)	(31,657,606)	(30,000,409)	(32,591,324)	(30,607,286)	(34,697,895)	(37,385,615)	(38,689,477)	(37,065,530)
Total	\$ (24,719,839)	\$ (25,702,074)	\$ (28,214,627)	\$ (26,529,811)	\$ (29,162,447)	\$ (27,193,046)	\$ (31,348,469)	\$ (33,918,650)	\$ (35,133,991)	\$ (32,726,728)
Excess of Revenues										
Over (Under) Expenditures & Other Uses	\$ 1,127,655	\$ 352,373	\$ 866,371	\$ 1,662,615	\$ 261,142	\$ 2,199,982	\$ 2,264,812	\$ 4,070,915	\$ 1,002,422	\$ 7,420
Fund Balance July 1	11,768,757	12,896,412	13,248,785	14,115,156	15,777,771	16,038,913	18,238,895	20,503,707	24,574,622	25,577,044
Restatement	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Net Encumbrances	-	-	-	-	-	-	-	-	-	-
Fund Balance June 30	\$ 12,896,412	\$ 13,248,785	\$ 14,115,156	\$ 15,777,771	\$ 16,038,913	\$ 18,238,895	\$ 20,503,707	\$ 24,574,622	\$ 25,577,044	\$ 25,584,464

Source: Comprehensive Annual Financial Reports of the Municipality

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CITY OF KINGSPORT, TENNESSEE
Ten Year Summary of Revenues, Expenses and
Changes in Net Assets - Sewer Fund ⁽¹⁾

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Revenues										
Charges and Fees	\$ 13,135,043	\$ 13,595,237	\$ 14,202,929	\$ 13,974,321	\$ 14,033,428	\$ 14,512,632	\$ 14,379,203	\$ 15,297,135	\$ 17,638,645	\$ 19,491,206
Penalties and Fines	161,772	146,293	153,069	146,908	151,047	120,735	268	77,631	95,244	263,154
Miscellaneous	8,852	8,527	7,875	7,840	18,668	15,364	2,419	8,539	9,244	10,166
Total Operating Revenues	\$ 13,305,667	\$ 13,750,057	\$ 14,363,873	\$ 14,129,069	\$ 14,203,143	\$ 14,648,731	\$ 14,381,890	\$ 15,383,305	\$ 17,743,133	\$ 19,764,526
Operating Expenses										
Operating Costs	\$ (4,864,194)	\$ (5,346,123)	\$ (5,270,786)	\$ (5,100,880)	\$ (6,149,420)	\$ (6,410,876)	\$ (6,605,139)	\$ (6,501,189)	\$ (7,844,437)	\$ (9,262,121)
Depreciation	(4,762,359)	(4,876,115)	(4,981,603)	(5,257,359)	(5,468,537)	(5,512,404)	(5,058,240)	(5,332,769)	(5,544,669)	(5,569,111)
Total Operating Expenses	\$ (9,626,553)	\$ (10,222,238)	\$ (10,252,389)	\$ (10,358,239)	\$ (11,617,957)	\$ (11,923,280)	\$ (11,663,379)	\$ (11,833,958)	\$ (13,389,106)	\$ (14,831,232)
Operating Income	\$ 3,679,114	\$ 3,527,819	\$ 4,111,484	\$ 3,770,830	\$ 2,585,186	\$ 2,725,451	\$ 2,718,511	\$ 3,549,347	\$ 4,354,027	\$ 4,933,294
Non-Operating Revenues (Expenses)										
Investment Earnings	\$ 53,835	\$ 118,379	\$ 181,072	\$ 270,271	\$ 370,944	\$ 384,293	\$ 82,706	\$ 22,463	\$ 295,309	\$ 1,118,887
Federal Interest Subsidy	87,221	84,273	80,884	77,172	85,620	4,804	-	-	-	-
Interest Expense	(1,526,045)	(1,538,977)	(1,395,762)	(1,526,042)	(1,567,089)	(1,697,496)	(1,570,543)	(1,553,846)	(1,473,209)	(1,746,395)
Gain/Loss on Disposal of Capital Assets	-	-	-	-	-	-	(16,980)	-	-	(250)
Amortization Expense	-	-	-	-	-	-	-	-	-	-
Arbitrage Expense	-	-	-	-	(18,258)	-	-	-	-	-
Other/ Bond Issue Cost	(128,632)	(91,842)	79,114	(135,887)	(70,546)	(39,163)	(70,276)	(67,892)	-	(120,040)
Total Non-Operating Rev. (Exp.)	\$ (1,513,621)	\$ (1,428,167)	\$ (1,054,692)	\$ (1,314,486)	\$ (1,199,329)	\$ (1,347,562)	\$ (1,575,093)	\$ (1,599,275)	\$ (1,177,900)	\$ (747,798)
Operating Income Before Other	\$ 2,165,493	\$ 2,099,652	\$ 3,056,792	\$ 2,456,344	\$ 1,385,857	\$ 1,377,889	\$ 1,143,418	\$ 1,950,072	\$ 3,176,127	\$ 4,185,496
Other										
Capital Contributions	\$ 276,276	\$ 530,755	\$ 713,504	\$ -	\$ 18,250	\$ -	\$ 76,310	\$ 175,890	\$ 833,195	\$ 2,345,469
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	(1,474,557)	(1,500,346)	(1,509,477)	(1,538,806)	(1,566,943)	(1,604,283)	(1,594,529)	(1,618,262)	(1,754,321)	(1,920,603)
Total Other	\$ (1,198,281)	\$ (969,591)	\$ (795,973)	\$ (1,538,806)	\$ (1,548,693)	\$ (1,604,283)	\$ (1,518,219)	\$ (1,442,372)	\$ (921,126)	\$ 424,866
Change in Net Position	\$ 967,212	\$ 1,130,061	\$ 2,260,819	\$ 917,538	\$ (162,836)	\$ (226,394)	\$ (374,801)	\$ 507,700	\$ 2,255,001	\$ 4,610,362
Net Position - Prior Year	\$ 107,261,807	\$ 102,937,944	\$ 104,068,005	\$ 106,170,596	\$ 106,456,664	\$ 106,293,828	\$ 106,067,434	\$ 105,692,633	\$ 106,200,333	\$ 108,455,334
Net Assets (Equity) - PY (Restated)	\$ 107,261,807	\$ 102,937,944	\$ 104,068,005	\$ 106,170,596	\$ 106,456,664	\$ 106,293,828	\$ 106,067,434	\$ 105,692,633	\$ 106,200,333	\$ 108,455,334
Imposition of GASB 68 Pension Liability	(1,492,869)	-	-	-	-	-	-	-	-	-
Imposition of GASB 75 OPEB Liability	-	-	-	(631,470)	-	-	-	-	-	-
Corrections Related to CIP Project Closing	(3,798,206)	-	-	-	-	-	-	-	-	-
Net Position - Prior Year As Restated	\$ 101,970,732	\$ 102,937,944	\$ 104,068,005	\$ 105,539,126	\$ 106,456,664	\$ 106,293,828	\$ 106,067,434	\$ 105,692,633	\$ 106,200,333	\$ 108,455,334
Net Position - FYE	\$ 102,937,944	\$ 104,068,005	\$ 106,328,824	\$ 106,456,664	\$ 106,293,828	\$ 106,067,434	\$ 105,692,633	\$ 106,200,333	\$ 108,455,334	\$ 113,065,696

Source: Comprehensive Annual Financial Reports of the Municipality.

⁽¹⁾ GASB Statement 34 was adopted by the City in FY 2013

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CITY OF KINGSPORT, TENNESSEE
Ten Year Summary of Revenues, Expenses and
Changes in Net Assets - Water Fund ⁽¹⁾

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Revenues										
Charges and Fees	\$ 12,706,099	\$ 12,892,823	\$ 13,115,947	\$ 13,021,742	\$ 13,471,182	\$ 13,773,295	\$ 13,845,454	\$ 14,373,878	\$ 15,635,477	\$ 16,517,175
Penalties and Fines	507,435	627,743	470,181	476,047	484,611	357,246	9,662	87,585	135,058	317,501
Miscellaneous	46,295	55,093	57,296	64,172	70,394	57,149	52,859	90,189	118,738	20,586
Total Operating Revenues	\$ 13,259,829	\$ 13,575,659	\$ 13,643,424	\$ 13,561,961	\$ 14,026,187	\$ 14,187,690	\$ 13,907,975	\$ 14,551,652	\$ 15,889,273	\$ 16,855,262
Operating Expenses										
Operating Costs	\$ (7,223,646)	\$ (7,507,609)	\$ (7,846,593)	\$ (7,518,917)	\$ (7,421,614)	\$ (7,915,083)	\$ (7,453,085)	\$ (7,053,009)	\$ (9,060,127)	\$ (9,787,454)
Depreciation	(2,887,861)	(3,023,226)	(3,053,226)	(3,465,613)	(3,419,079)	(3,423,822)	(3,473,545)	(3,557,581)	(3,627,166)	(3,844,097)
Total Operating Expenses	\$ (10,111,507)	\$ (10,530,835)	\$ (10,899,819)	\$ (10,984,530)	\$ (10,840,693)	\$ (11,338,905)	\$ (10,926,630)	\$ (10,610,590)	\$ (12,687,293)	\$ (13,631,551)
Operating Income	\$ 3,148,322	\$ 3,044,824	\$ 2,743,605	\$ 2,577,431	\$ 3,185,494	\$ 2,848,785	\$ 2,981,345	\$ 3,941,062	\$ 3,201,980	\$ 3,223,711
Non-Operating Revenues (Expenses)										
Investment Earnings	\$ 21,068	\$ 52,734	\$ 69,782	\$ 109,837	\$ 262,180	\$ 306,737	\$ 122,331	\$ 16,353	\$ 262,589	\$ 901,133
Federal Interest Subsidy	58,141	56,182	53,917	51,431	57,070	3,202	-	-	-	-
Interest Expense	(525,161)	(459,902)	(451,786)	(682,478)	(928,671)	(1,097,221)	(1,016,357)	(974,475)	(970,172)	(1,269,455)
Gain on Disposal of Capital Assets	2,500	-	-	-	-	(950)	-	-	5,535	-
Amortization Expense	-	-	-	-	-	-	-	-	-	-
Arbitrage Expense	-	-	-	-	(12,172)	-	-	-	-	-
Other/ Bond Issue Cost	(53,115)	(39,173)	(37,486)	(15,729)	(125,889)	(65,591)	(62,162)	(15,701)	-	(102,441)
Total Non-Operating Rev. (Exp.)	\$ (496,567)	\$ (390,159)	\$ (365,573)	\$ (536,939)	\$ (747,482)	\$ (853,823)	\$ (956,188)	\$ (973,823)	\$ (702,048)	\$ (470,763)
Operating Income Before Other	\$ 2,651,755	\$ 2,654,665	\$ 2,378,032	\$ 2,040,492	\$ 2,438,012	\$ 1,994,962	\$ 2,025,157	\$ 2,967,239	\$ 2,499,932	\$ 2,752,948
Other										
Capital Contributions	\$ 592,356	\$ 964,471	\$ 996,353	\$ 258,915	\$ 19,451	\$ 33,384	\$ 113,790	\$ 71,643	\$ 264,255	\$ 6,979,113
Transfers In	122,159	145,130	144,141	167,823	172,893	181,172	192,904	183,573	216,264	265,705
Transfers Out	(1,554,263)	(1,563,958)	(1,581,052)	(1,552,239)	(1,590,779)	(1,638,844)	(1,607,234)	(1,659,252)	(1,833,301)	(2,033,100)
Total Other	\$ (839,748)	\$ (454,357)	\$ (440,558)	\$ (1,125,501)	\$ (1,398,435)	\$ (1,423,688)	\$ (1,300,540)	\$ (1,404,036)	\$ (1,352,782)	\$ 5,211,718
Change in Net Position	\$ 1,812,007	\$ 2,200,308	\$ 1,937,474	\$ 914,991	\$ 1,039,577	\$ 571,274	\$ 724,617	\$ 1,563,203	\$ 1,147,150	\$ 7,964,666
Net Position - Prior Year	\$ 62,821,628	\$ 62,303,536	\$ 64,503,844	\$ 66,441,297	\$ 66,401,506	\$ 67,441,083	\$ 68,012,357	\$ 68,736,974	\$ 70,300,177	\$ 71,447,327
Net Assets (Equity) - PY (Restated)	\$ 62,821,628	\$ 62,303,536	\$ 64,503,844	\$ 66,441,297	\$ 66,401,506	\$ 67,441,083	\$ 68,012,357	\$ 68,736,974	\$ 70,300,177	\$ 71,447,327
Imposition of GASB 68 Pension Liability										
Imposition of GASB 75 OPEB Liability										
Corrections Related to CIP Project Closing										
Net Position - Prior Year As Restated	\$ 60,491,529	\$ 62,303,536	\$ 64,503,844	\$ 65,486,515	\$ 66,401,506	\$ 67,441,083	\$ 68,012,357	\$ 68,736,974	\$ 70,300,177	\$ 71,447,327
Net Position - FYE	\$ 62,303,536	\$ 64,503,844	\$ 66,441,318	\$ 66,401,506	\$ 67,441,083	\$ 68,012,357	\$ 68,736,974	\$ 70,300,177	\$ 71,447,327	\$ 79,411,993

Source: Comprehensive Annual Financial Reports of the Municipality.

⁽¹⁾ GASB Statement 34 was adopted by the City in FY 2013

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FINANCIAL INFORMATION

CONTINGENT LIABILITIES

The City is party to several agreements with both the Sullivan County Economic Partnership and the Industrial Development Board of the City of Kingsport (“IDBK”) that have required financial participation in the past or may require financial participation by the City in the future. A portion of those agreements are shown below including several recent changes or additions.

For additional information, see the Notes to the Financial Statements included as APPENDIX D (specifically, Footnote 5. “Other Information”, Subsection B. “Contingencies”, Subsection G. “Joint Ventures”, Subsection H. “Jointly Governed Organizations” and Subsection I. “Subsequent Events”).

Anita’s Snack Foods. The City’s Board of Mayor and Aldermen passed a Resolution on June 2, 2020, concerning the current contingent liability the City holds for Anita’s Snack Foods (“Anita’s”) lease obligations with the IDBK. IDBK is consolidating two existing loans with Anita’s in connection with the lease obligations, one which was for the original property acquisition and construction and the other being for the warehouse expansion. The previous loans had total outstanding principal balances of \$4,740,074.98 and \$1,899,660.85 for a total of \$6,639,735.83.

In June 2020, a consolidation loan was issued in the amount of \$6,640,000 for Anita’s Snack Foods. This loan will replace two loans for properties in use by Anita’s Snack Foods. The original loan issued on May 15, 2015 for \$6,540,000 that was used to purchase 33.75 acres and to construct an industrial building for lease to Pure Foods. In February 2017, Pure Foods, Inc. filed for Chapter 11 Bankruptcy. In May 2018, the IDBK entered into a lease agreement with Anita’s Snack Foods Corp for this property. The second loan being consolidated was originally issued in March, 2019. This was a construction loan agreement known as the Anita’s Snack Foods Loan, and was issued in the amount of \$1,900,000 for the purposes of expansion.

As a condition of providing the consolidation loan, the IDBK has entered into a negative pledge agreement. IDBK has agreed not to encumber or otherwise transfer any interest in the property while the loan is outstanding. On November, 2023 Palmex Food Group Tennessee LLC assumed the lease of Anita’s Snack Foods. At June 20, 2024 the outstanding principle balance on the loan was \$5,845,737.

General Shale Property. In December 2013, the IDBK established a line of credit of not to exceed \$4,000,000 at an interest rate of 3.0%, with an even year term in order to purchase and develop certain property known as the General Shale Property. Consisting of approximately 98 acres, this property will be used to provide for future economic development opportunities and construction of municipal recreational facilities.

By resolution adopted on December 17, 2013 by the Governing Body, the City and IDBK entered into an agreement wherein proceeds from the sale of all or any portion the property would be applied toward the retirement of the principal loan balance. In the event a principal balance remains outstanding upon final maturity, the City agrees to either: (1) purchase the property from the IDBK for a purchase price equal to the outstanding principal and accrued interest owed on the loan; or (2) provide an economic development contribution to IDBK in an amount sufficient to pay the outstanding principal and accrued interest owed on the loan. At June 30, 2024 the outstanding principal balance was \$3,288,731.

Miracle League Ball Field. In October 2019, the IDBK entered into a construction loan agreement in the amount of \$1,800,000 to build a Miracle League Ball Field, which is specifically designed for safe use by special

needs children and adults. The loan bears interest at a rate per annum of 3.25% and matures July, 2030. The loan will be paid from donations raised privately in the community, as well as through lease payments made by the City of Kingsport. In FY2023, the City of Kingsport received an award from the State of Tennessee for the Miracle Field Project. The State agreed for the \$250,000 award to be used to pay down the construction loan. The outstanding balance on this loan as of June 30, 2024, was \$469,000.

Dental Education Facility. In May 2023, the BMA approved a resolution authorizing a financial contribution up to \$3,500,000 if needed to allow IDBK to secure financing to acquire needed equipment and to perform needed renovations of leased premises to expedite the opening of a dental clinic. The planned dental clinic is the product of a memo of understanding between the City of Kingsport, IDBK, Ballad, University of Tennessee, and East Tennessee State University. The City through IDBK will provide space for the clinic to operate. The dental clinic will give dental students from UT and dental hygiene students from ETSU a place to train while providing an affordable dental clinic option for local residents.

In July 2024, the IDBK entered into a loan agreement in the amount of up to \$3,500,000 to secure funding for the improvements to the Clinic Property located at 117 West Sevier Avenue. The loan will be paid out over a 12 month construction draw period and quarterly interest only payments with a balloon payment of all outstanding principal six years from the date of the note at a taxable fixed interest of 4.18% The outstanding balance of the loan as of June 30, 2024 was \$973,430.

Public Housing Redevelopment Plan. In July 2016, the City entered into an agreement with the Kingsport Housing & Redevelopment Authority (“KHRA”) to provide financial support in the program to redevelop public housing facilities within the City. The estimated \$50,500,000 project was targeted to rehabilitate 378 existing public housing units and construct 51 replacement units. The City agreed to donate to KHRA up to a total of \$4,493,440, in annual amounts, beginning January 30, 2018, of \$224,672 over a twenty year period, in support of this project, if needed. The total amount of the donation will be limited to the amount needed to complete the project or \$4,493,440, whichever is less. Funds donated to the KHRA that are not used on the project, will be returned to the City. KHRA received an award of approximately \$14,900,000 of low income housing tax credits for this project in May 2018. Construction has been completed and the Project is now in the cost certification phase.

Tri-Cities Airport Authority. On October 3, 2017, the BMA approved Resolution 2018-047 which authorized the City to enter into an intergovernmental financing agreement with the other Authority Members of the Tri-Cities Airport Authority to guarantee repayment, of each Member’s pro rata share, of proposed debt to be issued by the Airport Authority. Proceeds from the debt issue are to provide funding for an economic development project known as the Aerospace Park Project. The City of Kingsport entered into this agreement on November 8, 2017. On March 29, 2018, the Airport Authority issued \$8,500,000 of Aerospace Park Bonds, Series 2018. The City of Kingsport’s pro rata share of this debt is \$1,589,500 (18.7%). As a part of the intergovernmental financing agreement, each authority member entered into a Guaranty Agreement, in which, they pledged the full faith and credit and unlimited taxing power of their respective entity, to the payment of their pro rata portion of the principal and interest on the debt. The City’s portion of the annual debt service on these bonds will range from between \$109,500 to \$118,000 through June 30, 2038. The City’s principal portion outstanding at June 30, 2024 is \$1,230,000, and represents 19% of the total bond issue.

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

The following table depicts major revenue sources for all governmental activities for the most recent 10 fiscal years:

Fiscal Year	Property Tax	Sales Tax	Income Tax ⁽¹⁾	Business Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Total
2015	\$55,935,014	\$32,690,121	\$1,115,663.00	\$2,068,944	\$1,847,187	\$1,564,355	\$ 95,221,284
2016	\$57,058,121	\$34,386,506	\$1,068,350.00	\$2,103,921	\$1,924,223	\$1,677,591	\$ 98,218,712
2017	\$59,355,264	\$34,602,066	\$ 867,272.00	\$6,655,136	\$1,928,659	\$1,686,532	\$ 105,094,929
2018	\$57,621,560	\$35,891,135	\$ 789,709.00	\$7,187,326	\$1,973,277	\$1,826,324	\$ 105,289,331
2019	\$57,748,741	\$36,618,697	\$ 794,052.00	\$7,019,849	\$1,992,177	\$1,744,027	\$ 105,917,543
2020	\$59,138,963	\$36,662,041	\$ 478,717.00	\$6,814,149	\$2,041,964	\$1,437,623	\$ 106,573,457
2021	\$60,603,676	\$41,096,952	\$ 242,319.00	\$7,041,983	\$2,204,644	\$1,355,615	\$ 112,545,189
2022	\$60,971,132	\$46,556,674	\$ 6,311.00	\$7,629,584	\$2,280,339	\$2,039,940	\$ 119,483,980
2023	\$64,537,940	\$49,916,865	\$ 2,053.00	\$9,265,292	\$2,329,619	\$2,249,772	\$ 128,301,541
2024	\$57,861,472	\$49,811,840	\$ 1,181.00	\$9,305,189	\$2,320,710	\$2,107,493	\$ 121,407,885

Source: City of Kingsport Finance Department

(1) In the 2016 General Assembly of the State of Tennessee, the State Budget called for a phase out of the Hall Income Tax on interest and dividends from investments. Since its enactment in 1929, the tax rate has been 6.0% which applied to all taxable income derived from interest and dividends greater than \$1,250 per person or \$2,500 for married couples filing jointly. The State Budget phased the Hall Income Tax out in 2023. Based on the situs of collections, local jurisdictions such as the City received 0.0375% of the total tax. There are no "hold-harmless" provisions for local jurisdictions.

Note: Business Tax includes franchise fees; Modified Accrual Basis of Accounting.

Source: [City's Annual Comprehensive Financial Report](#)

BUDGETARY PROCESS

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund and certain special revenue funds associated with grant awards, which are adopted on a project-by-project basis and normally span a multi-year period.

The City Manager is required by charter to present to the Board of Mayor and Aldermen a preliminary budget for the upcoming fiscal year, by May 15. The preliminary budget is compiled from revenue and expense projections as well as requests submitted by each department. The Board of Mayor and Aldermen must pass the preliminary budget on two readings before it is adopted and becomes the approved spending plan for the City.

The City Manager has the authority to transfer the unused portion of any items or appropriation within the same department, between departments in any given fund, and across departments and/or funds for fleet, risk management and health insurance. The City Manager also has the authority to transfer funds from the vehicle repair and maintenance account of one department to the vehicle repair and maintenance account of another department. Any revisions that alter the total expenditures of any fund must be approved by the Board of Mayor and Aldermen. Expenditures may not exceed appropriations at the fund level. Supplemental appropriations may be authorized by the Board of Mayor and Aldermen through the adoption of appropriate ordinances during the year.

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, certain special revenue funds (criminal forfeiture, drug, state street aid, regional sales tax, Steadman cemetery, public library commission, Bays Mountain, senior citizen advisory board, school nutrition services, and Palmer Center), debt service fund, proprietary funds and the permanent fund. Budgets for the remaining special revenue funds and capital projects funds are made on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the departmental level or by project.

Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as Assigned Fund Balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Source: [City's Annual Comprehensive Financial Report](#)

INVESTMENT AND CASH MANAGEMENT PRACTICES

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes impose various restrictions on deposits and investments, including repurchase agreements. These restrictions are summarized as follows:

Custodial credit risk is the risk that in the event of bank failure, deposits may not be returned to the City. All deposits were insured through FDIC or collateralized as required by Title 9, Chapter 1, Section 118, Tennessee Code Annotated.

Total demand deposits and certificates of deposit for the City are held generally in financial institutions which are members of the Tennessee Bank Collateral Pool (the pool) administered by the State of Tennessee Treasurer. The pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of collateral is inadequate to cover a loss.

The City's investment policy is to ensure the preservation of capital in the overall investment portfolio. The City will emphasize the safety of capital first, maintain sufficient liquidity to meet obligations second, and gain the highest possible yield third.

The City's investments generally include long term certificates of deposit placed at local banks or money market deposits with the State of Tennessee Local Government Investment Pool ("LGIP").

Specifically, the LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. The Tennessee LGIP has not been rated by a nationally recognized statistical rating organization.

Source: [City's Annual Comprehensive Financial Report](#)

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

General. Under the Tennessee Constitution (the “Constitution”) and laws of the State, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery, and equipment affixed to realty and related rights and interests. Real Property is required by the Constitution to be classified into four sub-classifications and assessed at the rates as follows:

- (a) Public Utility Property - includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies, to be assessed at 55.0% of its value;
- (b) Industrial and Commercial Property - includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business, or similar purpose, to be assessed at 40.0% of its value;
- (c) Residential Property - includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit, to be assessed at 25.0% of its value; and
- (d) Farm Property - includes all real property used or held for use in agriculture, to be assessed at 25.0% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property - assessed at 55.0% of its value;
- (b) Industrial and Commercial Property - assessed at 30.0% of its value; and
- (c) All other Tangible Personal Property - assessed at 5.0% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State for purposes of taxation.

The Constitution requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

Taxation. The Constitution empowers the General Assembly to authorize the several counties and incorporated municipalities in the State to impose taxes for county and municipal purposes in the manner prescribed by law. Under Tennessee Code Annotated, the General Assembly has authorized the counties and incorporated municipalities to levy an ad valorem tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the legislative body of each jurisdiction based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

Assessment of Property. All assessments of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local boards of equalization begin their annual sessions.

The boards of equalization are required (among other things) to carefully examine, compare, and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

State Assessments of Public Utility Property. The State Comptroller of the Treasury (the "Comptroller") is authorized and directed under State law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by law.

On or before the first Monday in August of each year, the assessments are required to be completed and the Comptroller is required to send a notice of assessment to each company assessable. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the Comptroller, who may change or affirm the valuation. On or before the first Monday in September of each year, the Comptroller is required to file with the State Board of

Equalization (“State Board”) assessments so made. The State Board is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the Comptroller.

The State Board has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board is final and conclusive as to all matters passed upon by the State Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization. Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board, by a continuous four-year cycle comprised of an one-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board is responsible to determine whether property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State.

Certified Tax Rate. Upon a general reappraisal of property as determined by the State Board, the county assessor of property is required to (1) certify to the governing bodies of the county and each City within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (“Certified Tax Rate”) which will provide the same ad valorem revenue for that jurisdiction as was levied during the previous year. The governing body of a county or City may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

No tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any City until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

Tax Freeze for the Elderly Homeowner. The Constitution was amended in November 2006 to authorize the General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting local governments to implement a program for “freezing” the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible.

Tax Collection and Tax Lien. County Property taxes are payable the first Monday in October of each year although cities and towns may follow different calendars based on their Charter requirements. Unless a city or town collects its own taxes as it is permitted to do, the county trustee of each county acts as the collector of all county property taxes.

The taxes assessed by the State, a county, a City, a taxing district, or other local governmental entity, upon

any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

Taxation in the City. Unlike counties, all property taxes of the City are due on November 1 of each year based upon appraisals as of January 1 of the same calendar year. All property taxes levied in the City are delinquent on December 1 of the same calendar year. Delinquent taxes begin accumulating penalties after November 30 at a rate of 2.0% for December and January and at a rate of 1.0% for each month thereafter that taxes remain unpaid.

Assessed Valuations. According to the Tennessee State Board of Equalization, property in Sullivan County reflected a ratio of appraised value to true market value of 1.000. Sullivan County is on a 4-year appraisal cycle. The current county-wide reappraisal in Sullivan County was certified and became effective as of January 1, 2021 (fiscal year 2022). The next county-wide appraisal will occur in 2025 (fiscal year 2025) in Sullivan County. A State mandated and conducted ratio adjustment occurred in 2023 (fiscal year 2024).

Approximately 3.7% of the City is located in Hawkins County. Property in Hawkins County reflected a ratio of appraised value to true market value of 1.0000 according to the State resulting ratio adjustment in 2021 (fiscal year 2022). Hawkins County is on a 5-year appraisal cycle. The next county-wide appraisal is scheduled to occur in 2026 (fiscal year 2027) in Hawkins County. A State mandated and conducted ratio adjustment occurred in 2023 (fiscal year 2024).

Pursuant to State law following reappraisal, the certified property tax rates for fiscal year 2022 were set at \$1.8783 for those portions of the City in Sullivan County and in Hawkins County.

Public utility assessments have been equalized and certified by the State after adjustment resulting from reappraisals or from sales studies, but the State appraisals will not be available until around calendar year-end.

Assessed Values and Estimated Actual Values of the City. The table below depicts total combined historical data for all property in Sullivan and Hawkins Counties.

Real Property									
FY	Tax Year	Industrial/Commercial	Residential	Farm	Tangible Personal Property	Public Utility Property	Total Assessed Value	Estimate Actual Value	City Tax Rate ⁽¹⁾
2024	2023	\$742,790,600	\$824,338,150	\$8,501,625	\$375,127,598	\$58,038,410	\$2,008,796,383	\$6,544,285,308	\$1.9983
2023	2022	725,521,200	809,927,125	8,541,050	480,395,276	73,471,513	2,097,856,164	6,822,577,856	\$1.9983
2022	2021	744,566,040	795,415,350	9,046,100	475,251,106	73,144,682	2,097,423,278	6,796,421,584	\$1.8783
2021	2020	710,538,560	723,316,925	8,765,476	380,900,243	61,876,823	1,885,398,027	6,086,846,776	\$2.0643
2020	2019	705,350,930	721,560,650	7,151,633	391,603,183	53,331,659	1,878,998,055	6,080,537,053	\$2.0643
2019	2018	696,388,598	712,123,775	8,596,984	446,121,820	54,691,825	1,917,923,002	6,210,366,946	\$1.9750
2018	2017*	690,336,842	705,144,825	8,985,586	425,976,410	51,659,227	1,882,102,890	6,096,210,983	\$1.9750
2017	2016**	680,122,506	669,506,750	5,800,350	406,161,760	53,030,272	1,814,621,638	5,851,825,875	\$2.0700
2016	2015	673,211,644	666,829,550	6,056,641	369,527,956	52,975,572	1,768,601,363	5,702,652,949	\$2.0700
2015	2014*	669,577,428	661,774,175	5,803,683	398,689,272	53,753,183	1,789,597,741	5,770,952,302	\$2.0700
Rate		40%	25%	25%	30%	55%			

⁽¹⁾ Direct tax rate paid by residents in the Sullivan County portion of the City. Residents located in the Hawkins County portion of the City pay a different rate (see the table on the following page). Residents in the City in Hawkins and Sullivan Counties also pay a separate tax to each jurisdiction.

* Reappraisal in the Sullivan County portion of the City.

** Reappraisal in the Hawkins County portion of the City.

Source: Tax Aggregate Reports of Tennessee published by the State Board of Equalization and The Annual Comprehensive Financial Reports of the City of Kingsport.

Property Tax Levies, Rates and Collections. The following table depicts property tax levies and collections for fiscal years ending June 30, 2015, through 2024:

FY	Tax Year	Sullivan County <u>Tax Rates</u>		Hawkins County Tax <u>Rates</u>		Collected within the Fiscal <u>Year of the Levy</u>									
		Combined Assessed Valuation	City Rate	County Rate	City Rate	County Rate	Tax Levy for Fiscal Year	Subsequent Adjustment	Adjusted Tax Levy	Amount	Percentage of Adjusted Levy	Collections in Subsequent Years	Amount ⁽²⁾	Pct. Adj. Levy	Uncollected Delinquent Taxes
2024	2023	\$2,008,796,383	\$1.9983	\$2.4062	\$1.9983	\$2.3247	\$40,141,779	1,881,441	\$42,023,220	\$41,026,744	97.63%	\$0	\$41,026,744	97.63%	\$996,476
2023	2022	2,097,856,164	1.9983	2.4062	1.9983	2.3177	41,921,460	2,071,616	43,993,076	43,138,035	98.06%	466,305	43,604,340	99.12%	388,136
2022	2021	2,097,423,278	1.8783	2.4062	1.8783	2.1677	40,807,539	-651,843	40,155,696	39,310,968	97.90%	629,966	39,940,934	99.47%	214,762
2021	2020	1,888,082,989	2.0643	2.5700	1.8900	2.5323	40,205,230	987,604	41,192,834	39,502,136	95.90%	1,545,561	41,047,697	99.65%	145,137
2020	2019	1,878,156,270	2.0643	2.5700	1.8900	2.5323	39,954,621	51,424	40,006,045	39,181,627	97.94%	737,402	39,919,029	99.78%	87,016
2019	2018	1,919,442,436	1.9750	2.5500	1.9750	2.5323	39,208,746	-101,770	39,106,976	38,376,785	98.13%	667,338	39,044,123	99.84%	62,853
2018	2017*	1,885,882,539	1.9750	2.55	1.9750	2.5323	38,789,017	-197,377	38,591,640	37,910,311	98.23%	619,089	38,529,400	99.84%	62,240
2017	2016**	1,784,915,122	2.0700	2.5754	2.0100	2.5323	38,289,949	405,139	38,695,088	38,148,030	98.59%	471,934	38,619,964	99.81%	75,124
2016	2015	1,771,157,147	2.0700	2.5754	2.0100	2.4650	37,829,084	-243,210	37,585,874	36,831,749	97.99%	687,785	37,519,534	99.82%	66,340
2015	2014	1,795,858,120	2.0700	2.3054	2.0100	2.4650	37,776,783	271,368	38,048,151	37,242,818	97.88%	735,796	37,978,614	99.82%	69,537

⁽¹⁾ A material portion of the City's property tax revenue is derived from one taxpayer, the loss of which would have a material effect on the City. During the tax year 2021, assessments for this one taxpayer accounted for approximately 23.4% of the total property tax assessment.

⁽²⁾ Includes amounts derived from PILOT agreements.

* Reappraisal in the Sullivan County portion of the City.

** Reappraisal in the Hawkins County portion of the City.

*** Reappraisal in both Sullivan and Hawkins Counties

Source: Tax Aggregate Reports of Tennessee published by the State Board of Equalization, Tennessee Comptroller's website and the City.

Ten Largest Taxpayers. According to the City, the 10 largest taxpayers for the FYE June 30, 2024 (Tax Year 2023) compared to FYE June 30, 2015 (Tax Year 2014) were as follows:

CITY OF KINGSPORT, TENNESSEE
TEN LARGEST TAXPAYERS
For the Fiscal Year 2024

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Eastman	\$436,620,245	1	21.74%	\$437,321,517	1	24.44%
Domtar, Inc (Weyerhauser Co/Willamette Industries)				33,294,787	2	1.86%
Kingsport Power Co	27,709,945	2	1.38%	21,715,630	4	1.21%
Holston Family Practice	26,735,225	3	1.33%	21,778,098	3	1.22%
Ballad Health (Wellmont Health/Mountain States Health)	23,041,038	4	1.15%	31,422,032	6 & 8	1.76%
Eastman Credit Union	17,887,200	5	0.89%	13,520,614	9	0.76%
RPAI Kpt East Stone LLC/ C Jackson	13,023,640	6	0.65%	15,487,440	7	0.87%
Cross Creek/Allandale Falls/ Brandy Mill Apartments	12,389,230	7	0.62%	20,236,689	5	1.13%
Wal-Mart Properties	11,925,440	8	0.59%			
Kingsport Hotel LLC	11,525,107	9	0.57%			
Ashbury Center, Inc/Asbury Place	9,522,744	10	0.47%			
Fort Henry Mall - Balty LLC				11,912,507	10	0.67%
Totals	\$590,379,814		29.39%	\$606,689,314		33.90%
Total Taxable Assessed value: FYE 2024 (Tax Year 2023)	\$2,008,796,383					\$1,789,597,741

Source: City of Kingsport Finance Department

LOCAL OPTION SALES AND USE TAX

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of Tennessee Code Annotated as amended (the "Sales Tax Act"), Sullivan County and Hawkins County levy a county-wide local option sales and use tax. Under the Sales Tax Act, counties and incorporated cities may levy sales and use tax on the same privileges on which the State levies its sales and use tax. The rate of any sales and use tax levied by a county or city is limited under State law to 2.75%.

Pursuant to the Sales Tax Act, the levy of a sales and use tax by a county precludes any city from within the county from levying a sales and use tax, but a city may levy a sales tax in addition to the county's sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of 2.75%. If a city is located in more than one county, each portion of the city that is located in a separate county is treated as a separate city for purposes of determining the maximum sales tax rate. Currently, Sullivan County levies a 2.25% sales tax, but the City has elected to add an additional 0.25% to all sales within that portion of the corporate limits of the City located in Sullivan County bringing the total to 2.50% in the Sullivan County portion of the City. These funds go directly to the Regional Fund which is used to support capital improvements

associated with the City's Meadow View Conference and Convention as well as the Kingsport Aquatic Center. The local option sales tax levied by Hawkins County equals the maximum rate allowed by the Sales Tax Act of 2.75%.

The revenues from the county-wide sales and use taxes in Sullivan and Hawkins Counties are distributed pursuant to the provisions of the Sales Tax Act and other provisions of the Tennessee Code Annotated. Fifty percent (50.0%) of the revenues raised through the county-wide sales taxes are directed to educational purposes and are distributed to all organized public school systems in the county (including the Kingsport City School System) in which the taxes are collected based upon the average daily attendance of each school system. The balance of the sales tax collections are divided between the general fund of the county in which the taxes are collected and all incorporated cities in such county based upon the situs of collection unless a separate agreement has been ratified concerning the distribution of these funds. As noted, the Regional Fund receives all the proceeds from the special 0.25% increment.

The City's \$3,110,000 General Obligation Improvement Bonds, Series 2012A dated June 22, 2012 (the "Series 2012A Bonds") are secured by the full faith, and credit of the City and are also payable from and secured by a pledge of the revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the City within the corporate limits of the City within Sullivan County, Tennessee as permitted by the Sales Tax Act.

The City's \$9,210,000 General Obligation Improvement Bonds, Series 2016A, dated May 17, 2016, and \$9,060,000 General Obligation Improvement Bonds, Series 2016B, dated May 17, 2016, were used to refund in part the Series 2009C Bonds and the Series 2009E Bonds. To the extent the proceeds of the Series 2009C Bonds and the Series 2009E Bonds were used to fund projects secured by a pledge of the revenues to be derived from the 0.25% local option sales tax levied by the City within the corporate limits of the City within Sullivan County, Tennessee, the Series 2016A Bonds and the Series 2016B Bonds are additionally payable from, but not secured by, such local option sales tax revenues.

Of the City's \$21,335,000 General Obligation Improvement Bonds, Series 2016, dated November 4, 2016 (the "Series 2016 Improvement Bonds"), \$3,270,000 were used to fund projects subject to the 0.25% local option sales tax levied by the City within the corporate limits and within Sullivan County, Tennessee. The Series 2016 Improvement Bonds are secured by the City's general obligation pledge and payable from, but not secured by, such local option sales tax revenues.

The City's General Obligation Improvement Bonds, Series 2018C, dated September 21, 2018 were used to fund projects subject to the 0.25% local option sales tax levied by the City within the corporate limits and within Sullivan County, Tennessee. The Series 2018C Bonds are secured by the City's general obligation pledge and payable from, but not secured by, such local option sales tax revenues.

The distribution of the Sales Tax for the most recent fiscal years was as follows:

CITY OF KINGSPORT, TENNESSEE
LOCAL OPTION SALES TAX COLLECTIONS
Last Ten Fiscal Years

FY 6/30	SALES TAX COLLECTIONS	FY% CHANGE	GENERAL FUND	REGIONAL SALES TAX FUND
2015	\$ 20,522,234	5.83%	\$ 16,848,128	\$ 3,674,106
2016	\$ 21,282,094	3.70%	\$ 17,474,902	\$ 3,807,192
2017	\$ 20,925,314	-1.68%	\$ 17,177,049	\$ 3,748,265
2018	\$ 21,706,556	3.73%	\$ 17,834,086	\$ 3,872,470
2019	\$ 21,863,519	0.72%	\$ 17,982,774	\$ 3,880,745
2020	\$ 21,561,830	-1.38%	\$ 17,784,092	\$ 3,777,738
2021	\$ 23,632,660	9.60%	\$ 19,528,179	\$ 4,104,481
2022	\$ 26,512,948	12.19%	\$ 21,934,952	\$ 4,577,996
2023	\$ 28,339,910	6.89%	\$ 23,447,827	\$ 4,892,083
2024	\$ 27,986,247	-1.25%	\$ 23,177,020	\$ 4,809,227

Source: City of Kingsport Finance Department

Note: The Local Option Sales Tax rate for sales within the corporate limits of the City of Kingsport is 2.50% in the Sullivan County portion of the municipality. One-quarter percent (0.25%) is distributed directly to the Regional Sales Tax Fund and is used to offset the costs related to the City's Meadowview Conference, Resort, and Convention Center and related facilities, and the Aquatic Center.

WATER AND SEWER RATE REVISIONS

During fiscal year 2020, the City hired a nationally known consulting firm to review the City's water and sewer revenues, expenses, debt service and capital outlay requirements to develop a fee structure that would assure that the water and sewer systems remained self-supporting for the long term. The consultant was also charged with developing a simpler rate structure to replace the City's complicated rate structure that had developed over time as various area utility districts were acquired by the City either by purchase or donation. Prior to changes brought about by the consultant's recommendations, the City had four-tier rate structure for customers inside the City and a six-tier rate structure for customers outside of the City limits. A minimum bill also covered the first 2,000 gallons of usage.

The newly adopted rate structure was approved by the Governing Body for fiscal year 2022-2023. The new rates are to be phased in over four years to soften the effect on customers. Under the new rate structure, the water system now carries a base charge determined by meter size, with an additional charge per 1000 gallons based on a two-tier structure of under 70,000 gallons and over 70,000 gallons. The sewer system carries a base charge plus a usage charge for each 1,000 gallons. In addition, beginning in fiscal year 2022-2023, the new rate structure initiated a process that reduced

the first 2,000 gallons usage from no charge by 500 gallons of usage over a four-year period. Thereafter, the base charge will be for service availability and the customer will be charged for each 1,000 gallons used.

For fiscal year 2022-2023, the water rates increased an average of 7.5% and the sewer rates increased an average of 13.5%.

For fiscal year 2024-2025, water and sewer rates continued to increase based on the phase-in of the new rate structures. Included with the water base charge, free water was reduced from 1,500 gallons to 1,000 gallons of usage.

TOP TEN WATER CUSTOMERS

CITY OF KINGSPORT, TENNESSEE
TOP TEN WATER CUSTOMERS
For the Fiscal Year Ended June 30, 2024

Customer Name	Consumption (in gallons)	Revenue	Revenue as % of FY24 Water Sales
Eastman	1,107,883,700	\$ 2,735,909	17.31%
Domtar Paper Co, LLC	72,010,100	210,981	1.33%
BAE Systems	47,841,800	127,255	0.80%
Holston Valley Medical Center	37,839,800	96,126	0.61%
Allandale Falls	23,262,800	59,837	0.38%
Kingsport Housing Authority	20,164,700	78,069	0.49%
Indian Path Hospital	19,549,800	48,903	0.31%
City of Johnson City	17,026,100	59,921	0.38%
Model City II, L.P.	13,838,300	43,090	0.27%
North Greene Utility District	<u>13,500,400</u>	<u>50,292</u>	<u>0.32%</u>
TOTAL:	1,372,917,500	\$ 3,510,383	22.19%
Total Water Sales Revenue - FY 2024		\$ 15,809,828	

Source: City of Kingsport Finance Department

The City's Water Treatment facility has a capacity of 28 MGD (WTP capacity). Water is distributed through nearly 1,010 miles of waterlines. There are currently 36,395 total customers (12,737 outside the City) as of June 30, 2024.

Source: City of Kingsport Finance Department. For information on the rate structures, see the [City's Annual Comprehensive Financial Report](#) referenced in Appendix D.

TOP TEN SEWER CUSTOMERS

CITY OF KINGSPORT, TENNESSEE TOP TEN SEWER CUSTOMERS

For the Fiscal Year Ended June 30, 2024

Customer Name	Treatment (in gallons)	Revenue	Revenue as % of FY24 Sewer User Fees
Eastman	236,361,000	\$ 2,448,809	12.99%
Domtar Paper Co, LLC	30,064,900	311,093	1.65%
Allandale Falls	23,262,800	240,576	1.28%
Kingsport Housing Authority	19,036,100	200,818	1.07%
Holston Valley Medical Center	14,183,000	158,303	0.84%
Model City 11. L.P.	13,838,300	143,552	0.76%
Lecierc, Inc	11,011,300	113,921	0.60%
Indian Path Hospital	10,867,200	112,403	0.60%
Miller Village 11 LP	10,132,200	104,796	0.56%
Cross Creek Apartments	<u>10,058,800</u>	<u>105,013</u>	<u>0.56%</u>
TOTAL:	378,815,600	\$ 3,939,284	20.90%
Total Sewer User Fee Revenue • FY 2024			\$ 18,855,266

SOURCE: City Of Kingsport Finance Department

The City's Wastewater Treatment facility has a current capacity of 12.4 MGD. Wastewater is collected through nearly 626 miles of sewer lines. There are currently about 23,825 total connections (1,165 outside the City) as of June 30, 2024.

Source: City of Kingsport Finance Department. For information on the current rate structures, see the [City's Annual Comprehensive Financial Report](#) referenced in Appendix D.

PENSION PLANS

As of January 1, 2023, all new City government employees will be offered retirement benefits through the Tennessee Consolidated Retirement System under the State's Hybrid Plan (the "Plan"). Employees hired between July 1, 2012, and December 31, 2022, were given the option to remain in the City's 401(k) Plan or switch to the State's Hybrid Plan. Employees hired before July 1, 2012, are covered by TCRS Legacy Plan. For additional information on that plan, see the description of the [Plan](#).

For information on the Pension Plans of the City, please refer to the appropriate Note to Financial Statements located in the Annual Comprehensive Financial Report of the City which may be accessed as described in APPENDIX D.

OTHER POST-EMPLOYMENT BENEFITS

For information on Other Post-Employment Benefits (“OPEB”) of the City, please refer to the appropriate Note to Financial Statements located in the Annual Comprehensive Financial Report of the City which may be accessed as described in APPENDIX D.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CITY OF KINGSPORT, TENNESSEE

\$ _____ GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2026A
AND
\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026B

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Kingsport, Tennessee (the “City”) in connection with the issuance of \$ _____ General Obligation Public Improvement Bonds, Series 2026A and \$ _____ General Obligation Refunding Bonds, Series 2026B (collectively, the “Bonds”), dated the date of original issuance and delivery. The Bonds are being issued pursuant to the resolutions adopted by the Board of Mayor and Aldermen of the City on January 20, 2026 (collectively, the “Resolution”). The City covenants and agrees as follows:

SECTION 1.

(a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5).

(b) Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access (“EMMA”) System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which applies to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall initially mean Raymond James & Associates, Inc. and thereafter, any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Material Event” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b) (5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Tennessee.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than twelve months after the end of the City’s fiscal year, commencing with the report for the fiscal year ending June 30, 2025, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5(c) hereof.

(b) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form of Exhibit A attached hereto.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the City’s audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Preliminary Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

The Annual Report shall also include the following information in a format similar to that included in the “Preliminary Official Statement”, dated February 19, 2026, relating to the Bonds (the “Preliminary Official Statement”):

1. Summary of long-term indebtedness as of the end of such fiscal year;
2. The indebtedness and debt ratios as of the end of such fiscal year, together with information regarding the property tax base;
3. Information regarding general obligation debt service requirements;
4. Information about the revenue and tax backed debt service requirements as of the end of such fiscal year;
5. The fund balances and retained earnings for the fiscal year;
6. Summary of revenues, expenditures, and changes in fund earnings – general fund for the fiscal year;
7. Summary of revenues, expenditures, and changes in retained balances – water fund and the sewer fund;
8. The estimated assessed value of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
9. Property tax rates and tax collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year;
10. The ten largest taxpayers; and
11. Information regarding the City’s share of the Local Option Sales Tax.

Any or all of the items listed above may be included by specific reference to other documents, including “Preliminary Official Statements” of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final “Preliminary Official Statement”, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Material Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Modifications to rights of Bondholders, if material.
4. Bond calls, if material, and tender offers.
5. Defeasances.
6. Rating changes.
7. 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.
8. Unscheduled draws on the debt service reserves reflecting financial difficulties.
9. Unscheduled draws on the credit enhancements reflecting financial difficulties.
10. Substitution of the credit or liquidity providers or their failure to perform.

11. Release, substitution, or sale of property securing repayment of the Bonds, if material.
12. Bankruptcy, insolvency, receivership or similar event of the City.
13. 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 agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of the name of a trustee, if material.
15. 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.
16. 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.

For purposes of the event identified in subsection (a)12 above, the 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 U.S. Bankruptcy Code 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 City, 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 City.

(b) When a Material Event occurs, the City shall, in a timely manner not in excess of ten business days after the occurrence of the Material Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Material Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

(c) Unless otherwise required by law, the City shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Material Event under Section 5(c).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination

* As used in subsections (a)15 and (a)16, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final "Official Statement" has been provided to the MSRB consistent with the Rule.

Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Raymond James & Associates, Inc.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be 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 an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and,
- (c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Resolutions for amendments to the Resolutions with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Material Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as

may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and to the extent permitted by Tennessee law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters, and holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Dated: March __, 2026

CITY OF KINGSPORT, TENNESSEE

By: _____
Mayor

Attest:

CFO, City Recorder/Treasurer

APPROVED AS TO FORM:

City Attorney

APPENDIX D

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
CITY OF KINGSPORT, TENNESSEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The [City's Annual Comprehensive Financial Report](#) and similar documents for prior years, and other key financial information for a number of prior fiscal years is found in electronic, searchable format as referenced herein.

The Annual Comprehensive Financial Reports are hereby incorporated by reference as APPENDIX D. To the extent there are any differences between the electronically posted financial statements of the City, the printed version shall control.

The City's independent auditors have not been engaged to perform and have not performed any procedures on the financial statements addressed in that report since the date of its report included herein. Additionally, no procedures have been performed relating to this "Official Statement".