

City of Cleveland

CLEVELAND, TENNESSEE

Shawn McKay

Assistant City Manager/CFO

smckay@clevelandtn.gov

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Fax (423) 559.3302



Municipal Building
190 Church Street, N.E.
P.O. Box 1519
Cleveland, Tennessee 37364-1519

January 14, 2019

Office of State and Local Finance/COT

Ms. Sandi Thompson
Director of Office of State and Local Finance
Tennessee Comptroller of the Treasury
Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN. 37243-3400

JAN 17 2019

Time Received _____

Re: City of Cleveland, Tennessee

Dear Ms. Thompson:

The City of Cleveland, Tennessee, (the "City") hereby respectfully requests a report from your office relating to the proposed plan of refunding of the outstanding debt of the City described below. This request is being delivered to you to comply with Title 9, Chapter 21, Tennessee Code Annotated and the memorandum of your office dated March 7, 2011.

Entity Information:

(A) City of Cleveland, Tennessee
Shawn McKay, Assistant City Manager/CFO
190 Church Street, NE
Cleveland, Tennessee 37364-1519
423-472-4551
E-Mail address: smckay@clevelandtn.gov

(B) Contacts for additional information:
Financial Advisor:
Davenport & Company LLC
Ted Cole 804-780-2000
E-Mail address: tcole@investdavenport.com

Bond Counsel:
Bass, Berry & Sims PLC
Mark Mamantov 865-521-0365
E-Mail address: mmamantov@bassberry.com

Timing Information:

(A) Resolution is planned to be adopted by the City at its January 28, 2019 regular scheduled meeting.

Specific Request for:

(A) The City hereby requests a Report from the Office of State and Local Finance on the enclosed Plan of Refunding pursuant to Title 9, Chapter 21 Tennessee Code Annotated.

Plan of Refunding – City of Cleveland, Tennessee (the “City”)

- A) **Identification of Key Professionals (including financial advisors, bond counsel, underwriters, or lenders) who have provided advice or proposals on which the Entity relied to prepare the Plan):**
1. Financial Advisor: Davenport & Company LLC
 2. Bond Counsel: Bass, Berry & Sims PLC
 3. Underwriter: To be determined
- B) **Purpose(s) of Refunding, including parameters:**
1. **Cost Savings: include a projection of the savings and amortization schedules for both refunding and refunded debt:**
 - a. General Fund:
 - i. The City anticipates gross savings of \$4,115,859, \$3,254,280 of present value savings, and 7.89% net present value savings on the General Fund components of the 2009C and 2009D Bonds, as well as the Series 2014A Bond and 2014 Jetport Loan. The estimated savings shown for the Series 2014A Bond and 2014 Jetport Loan are based on the proposed interest rate resets from the TMBF / Bank.
 - b. Water/Sewer/Electric Fund:
 - i. The City anticipates gross savings of \$1,271,906, \$986,823 of present value savings, and 6.50% net present value savings on the Water/Sewer/Electric Fund components of the 2009C and 2009D Bonds.
 2. **Restructuring: provide a comparison of existing and proposed structures, describing why debt is being restructured:**
 - a. Debt Service on the General Fund component of the City’s 2009C Bonds is being restructured to “smooth out” two future “spikes” in the City’s existing Tax Supported Debt Profile (FY 2026-2027 and FY 2031). The resulting debt service will provide the City with a declining existing Tax Supported Debt Profile. Please see Attachment A for a comparison of the City’s existing and proposed debt structure.
 3. **Covenant change: Clearly describe covenant to be eliminated or revised and any change in the structure:**
 - a. Not applicable
 4. **Reduction or elimination of risk: describe risk to be reduced or eliminated:**
 - a. The City is eliminating rate reset risk associated with the Series 2014A Bond and 2014 Jetport Loan by fixing each component out to its final maturity. The Series 2014A Bond and 2014 Jetport Loan are subject to rate reset, at the discretion of the TMBF / Bank, every 5 years. The TMBF / Bank has provided proposed rate resets that would also fix the interest rate through final maturity and eliminate this risk. The savings included in this analysis are compared to the proposed TMBF rate resets from the termination / rate reset date through the final maturity.
 - b. Due to varying principal maturities, the City has also elected to shorten the final maturity of the Bonds being refunded from June 1 to December 1 of the same fiscal year.
- C) **Statement that the proposed refunding complies with the Entity’s adopted debt management policy and a description of how the transaction is consistent with the policy, including any savings threshold. If there is no adopted policy or the transaction is not consistent, the Entity shall provide a detailed explanation.**
1. The proposed refunding will bring the City into compliance with its adopted debt policy stating:

- 3.) Series 2014A Bond – 12/1/2029
 - 4.) 2014 Jetport Loan – 12/1/2033
 - ii. **Weighted Average Maturity**
 - 1.) Series 2009C Bonds – 7.491 Years
 - 2.) Series 2009D Bonds – 2.413 Years
 - 3.) Series 2014A Bond – 7.025 Years
 - 4.) 2014 Jetport Loan – 8.367 Years
 - d. **Breakdown of Costs of Issuance**
 - i. Please see page 10 of the attached numbers.
 - e. **Sources and Uses of Funds**
 - i. Please see page 1 of the attached numbers.
3. **Refunded Debt: Information must be provided with respect to *each debt issue to be refunded*; (if all currently outstanding debt will not be refunded, identify maturities that are candidates for refunding).**
- a. **Name of issue, type of debt, original terms, including whether the debt is federally tax-exempt or taxable.**
 - i. Series 2009C Bonds – General Obligation Refunding Bonds, Series 2009C dated August 12, 2009 maturing June 1, 2010 and thereafter (the “Series 2009C Bonds”). The Series 2009C Bonds are tax-exempt, fixed rate debt, with a final maturity on June 1, 2031.
 - ii. Series 2009D Bonds - General Obligation Refunding Bonds, Series 2009D dated August 26, 2009 maturing June 1, 2010 and thereafter (the “Series 2009D Bonds”). The Series 2009D Bonds are tax-exempt, fixed rate debt, with a final maturity on June 1, 2028.
 - iii. Series 2014A Bond - General Obligation Refunding Bond, Series 2014A dated April 1, 2014 maturing June 1, 2018 and thereafter (the “Series 2014A Bond”). The Series 2014A Bond is tax-exempt with a final maturity on June 1, 2030. The interest rate on the Series 2014A Bond is subject to change initially on the fifth anniversary of the date of the dated date of the Bond, and, if extended by the bank, the fifth anniversary of such extension date.
 - iv. 2014 Jetport Loan – Loan Agreement between The Public Building Authority of the City of Clarksville, Tennessee and the City, dated June 20, 2014, maturing June 1, 2015 and thereafter (the “2014 Jetport Loan”). The 2014 Jetport Loan is tax-exempt with a final maturity on June 1, 2034. The interest rate on the 2014 Jetport Loan is subject to change initially on the fifth anniversary of the date of the dated date of such loan, and, if extended by the bank, the fifth anniversary of such extension date.
 - b. **Date of issue and copy of CT-0253 filed.**
 - i. Series 2009C Bonds – Dated August 12, 2009. The CT-0253 Form was filed with the Office of State and Local Finance in connection with the issuance of the Series 2009C Bonds and is attached hereto.
 - ii. Series 2009D Bonds – Dated August 27, 2009. The CT-0253 Form was filed with the Office of State and Local Finance in connection with the issuance of the Series 2009D Bonds and is attached hereto.

facilities and bridges, greenway and related lighting infrastructure, the acquisition of equipment for the public safety, public fire, public works and solid waste departments, improvements to the water and sewer system of the City and improvements to the electric system of the City; (viii) Series 2007C Loan Agreement, by and between the Issuer and The Public Building Authority of the City of Clarksville, Tennessee (the "Clarksville Authority"), dated October 31, 2007 (the "Series 2007C TMBF Loan"), the proceeds of which financed various public works project for the City; and (ix) Series 2008A Loan Agreement, by and between the Issuer and the Clarksville Authority, dated May 5, 2008 (the "Series 2008A TMBF Loan"), the proceeds of which financed various public works project for the City and (2) pay costs incurred in connection with the issuance and sale of the Series 2009C Bonds.

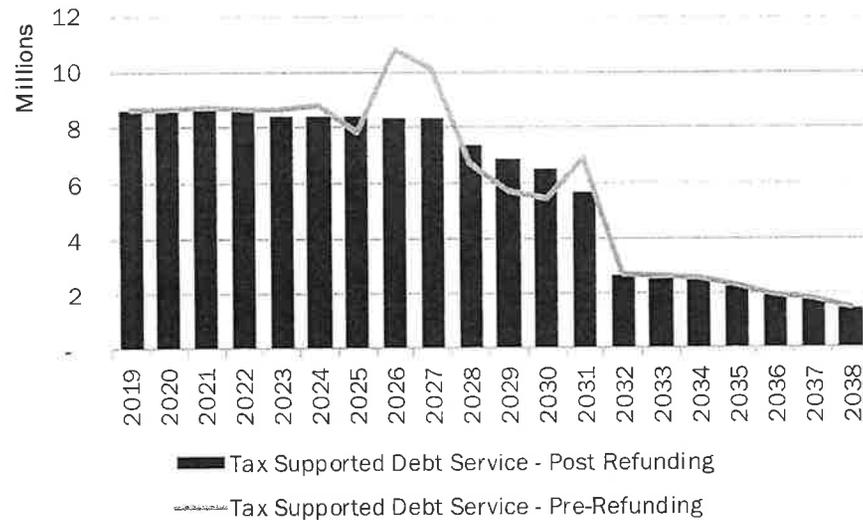
- ii. Series 2009D Bonds – For the purpose of providing funds to (1) prepay the (i) Series VI-E-4 Loan Agreement, by and between the Issuer and the Sevier Authority, dated May 1, 2005 (the "Series VI-E-4 Loan"), the proceeds of which were used to finance the acquisition, construction, improvement and equipping of schools, recreation buildings and public buildings, streets, roads, parking facilities and bridges, greenways and related lighting infrastructure, the acquisition of equipment for the public safety, public fire, public works and solid waste departments, the acquisition of computers and vehicles for departments for the City, and improvements to the electric system of the City, including the acquisition of equipment therefor; (ii) a portion of the amount outstanding under the Series IV-C-4 Loan Agreement, by and between the Issuer and Sevier Authority, dated March 1, 2000 (the "Series IV-C-4 Loan"), the proceeds of which were used to finance improvements to the water and sewer system of the City; (iii) Series A-2-F Loan Agreement, by and between the Issuer and the Blount Authority, dated June 1, 2001 (the "Series A-2-F Loan"), the proceeds of which were used to finance improvements to the electric system of the City; (iv) Series II-D-3 Loan Agreement, by and between the Issuer and Sevier Authority, dated February 1, 1997 (the "Series II-D-3 Loan"), the proceeds of which were used to finance improvements to the electric system of the City; (v) a portion of the amount outstanding under the Series D-4-A Loan described above; (vi) a portion of the amount outstanding under the Series 2007C TMBF Loan described above; and (vii) a portion of the amount outstanding under the Series 2008A TMBF Loan described above; and (2) pay costs incurred in connection with the issuance and sale of the Series 2009D Bonds.
- iii. Series 2014A – For the purpose of providing funds to (i) prepay a portion of the outstanding amount evidenced by a Loan Agreement (Series IV-C-3), dated March 16, 2000, with the Sevier Authority (the "Series IV-C-3 Loan"), the proceeds of which were used to finance the acquisition, construction and improvement of schools, roads, bridges, streets, highways, sidewalks and related lighting, community center, police and safety facilities, road department facilities, fire department facilities, parks and recreation department facilities, including, but not limited to a public golf course, public works department facilities, public library facilities and other public buildings, the acquisition of related vehicles and equipment including lighting, computer and other technological equipment and improvements to the water and sewer and gas system of the City and paying costs of issuance in connection with such Series IV-C-3 Loan; (ii) prepaying an outstanding loan evidenced by a Loan Agreement (Series A-2-A), dated June 21, 2001, with the Blount Authority (the "Series A-2-A Loan"), the proceeds of which were used to finance schools, roads, bridges, streets, highways, sidewalks and related lighting, community center, police and safety facilities, road department facilities, fire department facilities, parks and recreation department facilities,

Attachment A

Tax Supported Debt – Pre and Post Refunding



Tax Supported Debt Service Comparison



Par Outstanding – Estimated as of 6/30/2018

Type	Pre-Refunding	Post Refunding
General Obligation Bonds	\$58,643,000	\$56,936,000
Notes Payable	\$36,572,938	\$33,151,938
Total	\$95,215,938	\$90,087,938

Notes:

- Includes the City's 2018 General Obligation Bonds issued on July 24, 2018.
- Existing Debt excludes Capital Leases of \$488,149 outstanding as of 6/30/17.

Note: Preliminary and subject to change.

Tax Supported Debt Service – Savings

	Pre-Refunding	Post Refunding	Savings
Total	121,239,219	117,123,359	4,115,859
2019	8,632,495	8,632,495	-
2020	8,683,058	8,544,807	138,252
2021	8,710,854	8,462,425	248,429
2022	8,667,797	8,417,920	249,877
2023	8,679,804	8,229,008	450,795
2024	8,763,672	8,232,110	531,562
2025	7,795,766	8,233,026	(437,259)
2026	10,832,638	8,230,984	2,601,654
2027	10,122,476	8,235,113	1,887,362
2028	6,729,442	7,333,840	(604,397)
2029	5,721,413	6,933,760	(1,212,347)
2030	5,485,954	6,531,062	(1,045,108)
2031	6,954,642	5,718,888	1,235,754
2032	2,721,185	2,696,607	24,578
2033	2,603,057	2,581,572	21,484
2034	2,587,391	2,562,168	25,223
2035	2,311,590	2,311,590	-
2036	1,964,702	1,964,702	-
2037	1,799,692	1,799,692	-
2038	1,471,588	1,471,588	-

13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2010	\$600,000	2.00%	2021	\$525,000	4.00%
2011	970,000	2.00%	2022	600,000	4.00%
2012	1,000,000	2.00%	2023	1,775,000	4.00%
2013	1,025,000	2.50%	2024	1,650,000	4.00%
2014	1,410,000	2.50%	2025	1,270,000	4.00%
2015	1,145,000	2.50%	2026	4,440,000	4.00%
2016	850,000	3.00%	2027	4,110,000	4.125%
2017	440,000	3.00%	2028	1,200,000	4.375%
2018	465,000	3.25%	2029	100,000	4.25%
2019	500,000	3.50%	2030	100,000	4.25%
2020	650,000	3.75%	2031	4,050,000	4.50%

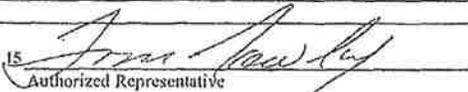
If additional space is needed, attach additional sheet.

14. Itemized Description of the Cost of Issuance

		Name of Firm
a. Financial Advisor Fees*	\$50,000	Morgan Keegan & Company, Inc.
b. Legal Fees		
i. Bond Counsel	\$20,000	Robertson, Overbey, Wilson and Beeler
ii. Issuer's Counsel		
iii. Trustee's Counsel		
iv. Verification Fee		
c. Paying Agent Fees and Registration Fees	\$1,000	Regions Bank
d. Trustee Fees		
e. Remarketing Agent Fees		
f. Liquidity Fees		
g. Rating Agency Fees	\$17,100	Standard & Poor's
h. Credit Enhancement Fees	\$259,280	Assured Guaranty
i. Underwriter's Discount(%)	\$256,410	UBS Financial Services Inc., New York, New York
i. Take Down		
ii. Management Fee		
iii. Risk Premium		
iv. Underwriter's Counsel		
v. Other Expenses		
j. Printing and Advertising Fees	\$10,958	Cleveland Daily Banner, Print Shop, i-Deal, CUSIP
k. Issuer Fees		
l. Real Estate Fees		
m. Other Costs	\$7,900	structuring, postage, Fed Ex, document production, travel, etc.
n. Total Costs	\$622,648	

* If other costs are included, please itemize.

Note: Please enclose a copy of the DISCLOSURE DOCUMENT or OFFICIAL STATEMENT if one was developed.

15 
Authorized Representative

City Mayor
Title

August 12, 2009
Date

/s/ Joseph K. Ayres
Preparer
Managing Director
Title
Morgan Keegan & Company, Inc.
Firm
August 12, 2009
Date

SEND TO: Comptroller of the Treasury, Director-Division of Local Finance, Suite 1700, 505 Dunderick Street, James K. Polk State Office Building, Nashville, Tennessee 37243-0274

13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate
2010	\$760,000	2.00%
2011	795,000	2.00%
2012	815,000	2.00%
2013	855,000	2.25%
2014	905,000	2.50%
2015	1,695,000	2.50%
2016	2,545,000	2.75%
2017	2,970,000	3.00%
2018	2,930,000	3.25%
2019	2,455,000	3.50%
2020	2,670,000	3.75%

Year	Amount	Interest Rate
2021	\$2,935,000	4.00%
2022	2,830,000	4.00%
2023	1,385,000	4.00%
2028	1,605,000	4.25%

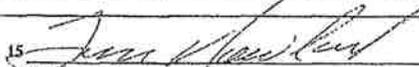
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a. Financial Advisor Fees*	\$50,000	Morgan Keegan & Company, Inc.
b. Legal Fees		
i. Bond Counsel	\$20,000	Robertson, Overbey, Wilson and Beeler
ii. Issuer's Counsel		
iii. Trustee's Counsel		
iv. Verification Fee		
c. Paying Agent Fees and Registration Fees	\$1,000	Regions Bank
d. Trustee Fees		
e. Remarketing Agent Fees		
f. Liquidity Fees		
g. Rating Agency Fees	\$17,100	Standard & Poor's
h. Credit Enhancement Fees	\$215,819	Assured Guaranty
i. Underwriter's Discount(%)	\$380,857	Morgan Stanley & Co. Inc, Purchase, NY
i. Take Down		
ii. Management Fee		
iii. Risk Premium		
iv. Underwriter's Counsel		
v. Other Expenses		
j. Printing and Advertising Fees	\$6,400	Cleveland Daily Banner, Print Shop, i-Deal, CUSIP, Parity
k. Issuer Fees		
l. Real Estate Fees		
m. Other Costs	\$9,544	structuring, postage, Fed Ex, document production, travel, etc.
n. Total Costs	\$700,720	

* If other costs are included, please itemize.

Note: Please enclose a copy of the DISCLOSURE DOCUMENT or OFFICIAL STATEMENT if one was developed.

15 
 Authorized Representative

 City Mayor
 Title

 August 26, 2009
 Date

/s/ Joseph K. Ayres
 Preparer
 Managing Director
 Title
 Morgan Keegan & Company, Inc.
 Firm
 August 26, 2009
 Date

SEND TO: Comptroller of the Treasury, Director-Division of Local Finance, Suite 1700, 505 Deaderick Street, James K. Polk State Office Building, Nashville, Tennessee 37243-0274

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2014	\$ 520,000.00	2.5100 %	2025	\$ 2,305,000.00	2.5100 %
2015	\$ 936,000.00	2.5100 %	2026	\$ 2,295,000.00	2.5100 %
2016	\$ 977,000.00	2.5100 %	2027	\$ 2,370,000.00	2.5100 %
2017	\$ 973,000.00	2.5100 %	2028	\$ 2,650,000.00	2.5100 %
2018	\$ 969,480.00	2.5100 %	2029	\$ 2,565,000.00	2.5100 %
2019	\$ 979,000.00	2.5100 %	2030	\$ 2,406,000.00	2.5100 %
2020	\$ 1,004,000.00	2.5100 %		\$	%
2021	\$ 1,033,000.00	2.5100 %		\$	%
2022	\$ 1,050,000.00	2.5100 %		\$	%
2023	\$ 1,088,000.00	2.5100 %		\$	%
2024	\$ 1,286,000.00	2.5100 %		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source MUST BE PREPARED AND ATTACHED. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

No costs or professionals

	AMOUNT <small>(Round to nearest \$)</small>	FIRM NAME
Financial Advisor Fees	\$ 0	
Legal Fees	\$ 0	
Bond Counsel	\$ 25,000	Bone McAllester Norton
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 0	
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____%		
Take Down	\$ 0	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 0	
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs	\$ 101,480	TMBF fees, legal fees, and expenses
TOTAL COSTS	\$ 126,480	

Jetport

RECEIVED

State Form No. CB-114
Revised 1/1/14

JUL 07 2014

BOND FINANCE

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-153)

1. Public Entity:
 Name: City of Cleveland, Tennessee
 Address: 190 Church Street NE P. O. Box 1519
Cleveland, TN 37364-1519
 Debt Issue Name: Loan Agreement between PBA City of Clarksville and City of Cleveland
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ 4,300,000.00
 Premium/Discount: \$ 0.00

3. Interest Cost: 2.6400 % Tax-exempt Taxable
 TIC NIC
 Variable: Index _____ plus _____ basis points; or
 Variable: Remarketing Agent _____
 Other: _____

4. Debt Obligation:
 TRAN RAN CON
 BAN CRAN GAN
 Bond Loan Agreement Capital Lease
 If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").

5. Ratings:
 Unrated
 Moody's _____ Standard & Poor's _____ Fitch _____

6. Purpose:

		BRIEF DESCRIPTION
<input checked="" type="checkbox"/> General Government	<u>100.00</u> %	<u>general public works projects</u>
<input type="checkbox"/> Education	_____ %	_____
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input type="checkbox"/> Refunding/Renewal	_____ %	_____

7. Security:
 General Obligation General Obligation + Revenue/Tax
 Revenue Tax Increment Financing (TIF)
 Annual Appropriation (Capital Lease Only) Other (Describe): _____

8. Type of Sale:
 Competitive Public Sale Interfund Loan
 Negotiated Sale Loan Program PBA City of Clarksville
 Informal Bid

9. Date:
 Dated Date: 06/20/2014 Issue/Closing Date: 06/20/2014

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 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

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SOURCES AND USES OF FUNDS

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Dated Date 03/21/2019
 Delivery Date 03/21/2019

Sources:	2009C	2009D	2014A	2014 Jetport	Total
Bond Proceeds:					
Par Amount	17,770,000.00	10,740,000.00	17,245,000.00	3,035,000.00	48,790,000.00
Premium	2,853,293.00	776,855.85	3,028,318.30	412,989.45	7,071,456.60
	<u>20,623,293.00</u>	<u>11,516,855.85</u>	<u>20,273,318.30</u>	<u>3,447,989.45</u>	<u>55,861,456.60</u>
Other Sources of Funds:					
Equity Contribution - FY 19 DS	423,781.26	227,168.75	1,280,057.55	232,599.20	2,163,606.76
	<u>21,047,074.26</u>	<u>11,744,024.60</u>	<u>21,553,375.85</u>	<u>3,680,588.65</u>	<u>58,025,063.36</u>
Uses:					
Refunding Escrow Deposits:					
SLGS Purchases	20,801,499.00	11,600,706.00		3,638,112.00	36,040,317.00
Cash Deposit	0.05	0.20	21,315,432.70	0.84	21,315,433.79
	<u>20,801,499.05</u>	<u>11,600,706.20</u>	<u>21,315,432.70</u>	<u>3,638,112.84</u>	<u>57,355,750.79</u>
Delivery Date Expenses:					
Cost of Issuance	109,264.18	66,038.14	106,036.07	18,661.61	300,000.00
Underwriter's Discount	133,275.00	80,550.00	129,337.50	22,762.50	365,925.00
	<u>242,539.18</u>	<u>146,588.14</u>	<u>235,373.57</u>	<u>41,424.11</u>	<u>665,925.00</u>
Other Uses of Funds:					
Additional Proceeds	3,036.03	(3,269.74)	2,569.58	1,051.70	3,387.57
	<u>21,047,074.26</u>	<u>11,744,024.60</u>	<u>21,553,375.85</u>	<u>3,680,588.65</u>	<u>58,025,063.36</u>

BOND PRICING

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:									
	12/01/2019	3,550,000	5.000%	1.770%	102.216				78,668.00
	12/01/2020	4,190,000	5.000%	1.830%	105.262				220,477.80
	12/01/2021	4,205,000	5.000%	1.860%	108.212				345,314.60
	12/01/2022	3,795,000	5.000%	1.950%	110.818				410,543.10
	12/01/2023	3,350,000	5.000%	2.040%	113.183				441,630.50
	12/01/2024	4,465,000	5.000%	2.080%	115.601				696,584.65
	12/01/2025	4,305,000	5.000%	2.140%	117.746				763,965.30
	12/01/2026	4,695,000	5.000%	2.230%	119.482				914,679.90
	12/01/2027	4,425,000	5.000%	2.300%	121.163				936,462.75
	12/01/2028	4,040,000	5.000%	2.380%	122.559				911,383.60
	12/01/2029	3,840,000	5.000%	2.460%	123.753				912,115.20
	12/01/2030	3,195,000	4.000%	2.730%	111.707 C	2.818%	12/01/2029	100.000	374,038.65
	12/01/2031	240,000	4.000%	2.900%	110.049 C	3.040%	12/01/2029	100.000	24,117.60
	12/01/2032	250,000	4.000%	3.020%	108.896 C	3.193%	12/01/2029	100.000	22,240.00
	12/01/2033	245,000	4.000%	3.130%	107.851 C	3.320%	12/01/2029	100.000	19,234.95
		48,790,000							7,071,456.60

Dated Date	03/21/2019	
Delivery Date	03/21/2019	
First Coupon	12/01/2019	
Par Amount	48,790,000.00	
Premium	7,071,456.60	
Production	55,861,456.60	114.493660%
Underwriter's Discount	(365,925.00)	(0.750000%)
Purchase Price	55,495,531.60	113.743660%
Accrued Interest		
Net Proceeds	55,495,531.60	

SAVINGS

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 03/21/2019 @ 2.2895195%
06/30/2019	2,163,606.76	2,163,606.76				(9,556.16)
06/30/2020	6,663,718.90		6,663,718.90	6,328,155.55	335,563.35	280,412.06
06/30/2021	6,671,885.22		6,671,885.22	6,307,950.00	363,935.22	299,277.86
06/30/2022	6,480,783.12		6,480,783.12	6,113,075.00	367,708.12	296,030.82
06/30/2023	6,072,076.32		6,072,076.32	5,503,075.00	569,001.32	476,738.58
06/30/2024	5,601,568.52		5,601,568.52	4,879,450.00	722,118.52	606,657.13
06/30/2025	5,493,196.92		5,493,196.92	5,799,075.00	(305,878.08)	(310,850.77)
06/30/2026	8,153,085.22		8,153,085.22	5,419,825.00	2,733,260.22	2,278,012.96
06/30/2027	7,607,006.02		7,607,006.02	5,584,825.00	2,022,181.02	1,632,697.78
06/30/2028	4,617,115.12		4,617,115.12	5,086,825.00	(469,709.88)	(422,964.44)
06/30/2029	3,277,853.50		3,277,853.50	4,490,200.00	(1,212,346.50)	(998,724.93)
06/30/2030	3,048,092.20		3,048,092.20	4,093,200.00	(1,045,107.80)	(844,303.69)
06/30/2031	4,524,054.40		4,524,054.40	3,288,300.00	1,235,754.40	908,771.78
06/30/2032	289,178.00		289,178.00	264,600.00	24,578.00	16,169.75
06/30/2033	286,284.20		286,284.20	264,800.00	21,484.20	13,482.20
06/30/2034	275,123.00		275,123.00	249,900.00	25,223.00	15,864.09
	71,224,627.42	2,163,606.76	69,061,020.66	63,673,255.55	5,387,765.11	4,237,715.01

Savings Summary

PV of savings from cash flow	4,237,715.01
Plus: Refunding funds on hand	3,387.57
Net PV Savings	4,241,102.58

SUMMARY OF BONDS REFUNDED

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Refunding Bond, Series 2014A, 2014A:					
TS	06/01/2028	2.510%	2,550,000.00	04/01/2019	101.000
	06/01/2029	2.510%	2,565,000.00	04/01/2019	101.000
	06/01/2030	2.510%	2,406,000.00	04/01/2019	101.000
			<u>20,931,000.00</u>		
2014 Note - P.B.A. of Clarksville, TN (FTN) (Var. Rate through TMBF), 2014_JET:					
TS	06/01/2019	2.640%	185,000.00		
	06/01/2020	2.640%	189,000.00	06/20/2019	100.000
	06/01/2021	2.640%	194,000.00	06/20/2019	100.000
	06/01/2022	2.640%	199,000.00	06/20/2019	100.000
	06/01/2023	2.640%	205,000.00	06/20/2019	100.000
	06/01/2024	2.640%	210,000.00	06/20/2019	100.000
	06/01/2025	2.640%	216,000.00	06/20/2019	100.000
	06/01/2026	2.640%	221,000.00	06/20/2019	100.000
	06/01/2027	2.640%	227,000.00	06/20/2019	100.000
	06/01/2028	2.640%	233,000.00	06/20/2019	100.000
	06/01/2029	2.640%	239,000.00	06/20/2019	100.000
	06/01/2030	2.640%	246,000.00	06/20/2019	100.000
	06/01/2031	2.640%	252,000.00	06/20/2019	100.000
	06/01/2032	2.640%	259,000.00	06/20/2019	100.000
	06/01/2033	2.640%	266,000.00	06/20/2019	100.000
	06/01/2034	2.640%	265,000.00	06/20/2019	100.000
			<u>3,606,000.00</u>		
			<u>56,432,000.00</u>		

NET DEBT SERVICE BREAKDOWN

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Period Ending	2009C	2009D	2014A	2014 Jetport	Total
06/30/2020	1,454,908.33	3,000,916.67	1,575,909.72	296,420.83	6,328,155.55
06/30/2021	1,280,525.00	3,160,625.00	1,570,375.00	296,425.00	6,307,950.00
06/30/2022	1,335,775.00	2,937,000.00	1,547,250.00	293,050.00	6,113,075.00
06/30/2023	2,245,025.00	1,420,875.00	1,547,750.00	289,425.00	5,503,075.00
06/30/2024	1,892,400.00	994,375.00	1,707,125.00	285,550.00	4,879,450.00
06/30/2025	2,412,025.00	420,625.00	2,680,125.00	286,300.00	5,799,075.00
06/30/2026	2,492,400.00	59,125.00	2,586,625.00	281,675.00	5,419,825.00
06/30/2027	2,690,775.00	32,000.00	2,580,375.00	281,675.00	5,584,825.00
06/30/2028	2,108,525.00	25,625.00	2,676,375.00	276,300.00	5,086,825.00
06/30/2029	1,672,150.00		2,542,500.00	275,550.00	4,490,200.00
06/30/2030	1,502,150.00		2,321,625.00	269,425.00	4,093,200.00
06/30/2031	3,019,200.00			269,100.00	3,288,300.00
06/30/2032				264,600.00	264,600.00
06/30/2033				264,800.00	264,800.00
06/30/2034				249,900.00	249,900.00
	24,105,858.33	12,051,166.67	23,336,034.72	4,180,195.83	63,673,255.55

PROOF OF ARBITRAGE YIELD

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Date	Debt Service	Total	Present Value to 03/21/2019 @ 2.2895194803%
12/01/2019	5,216,805.55	5,216,805.55	5,134,980.91
06/01/2020	1,111,350.00	1,111,350.00	1,081,537.67
12/01/2020	5,301,350.00	5,301,350.00	5,100,748.24
06/01/2021	1,006,600.00	1,006,600.00	957,548.87
12/01/2021	5,211,600.00	5,211,600.00	4,901,530.52
06/01/2022	901,475.00	901,475.00	838,244.93
12/01/2022	4,696,475.00	4,696,475.00	4,317,634.51
06/01/2023	806,600.00	806,600.00	733,143.00
12/01/2023	4,156,600.00	4,156,600.00	3,735,298.56
06/01/2024	722,850.00	722,850.00	642,231.92
12/01/2024	5,187,850.00	5,187,850.00	4,557,091.24
06/01/2025	611,225.00	611,225.00	530,833.15
12/01/2025	4,916,225.00	4,916,225.00	4,221,290.98
06/01/2026	503,600.00	503,600.00	427,519.45
12/01/2026	5,198,600.00	5,198,600.00	4,363,280.85
06/01/2027	386,225.00	386,225.00	320,496.85
12/01/2027	4,811,225.00	4,811,225.00	3,947,259.31
06/01/2028	275,600.00	275,600.00	223,550.59
12/01/2028	4,315,600.00	4,315,600.00	3,460,942.64
06/01/2029	174,600.00	174,600.00	138,437.60
12/01/2029	7,944,600.00	7,944,600.00	6,227,854.80
	63,457,055.55	63,457,055.55	55,861,456.60

Proceeds Summary

Delivery date	03/21/2019
Par Value	48,790,000.00
Premium (Discount)	7,071,456.60
Target for yield calculation	55,861,456.60

FORM 8038 STATISTICS

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Dated Date 03/21/2019
 Delivery Date 03/21/2019

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	12/01/2019	3,550,000.00	5.000%	102.216	3,628,668.00	3,550,000.00
	12/01/2020	4,190,000.00	5.000%	105.262	4,410,477.80	4,190,000.00
	12/01/2021	4,205,000.00	5.000%	108.212	4,550,314.60	4,205,000.00
	12/01/2022	3,795,000.00	5.000%	110.818	4,205,543.10	3,795,000.00
	12/01/2023	3,350,000.00	5.000%	113.183	3,791,630.50	3,350,000.00
	12/01/2024	4,465,000.00	5.000%	115.601	5,161,584.65	4,465,000.00
	12/01/2025	4,305,000.00	5.000%	117.746	5,068,965.30	4,305,000.00
	12/01/2026	4,695,000.00	5.000%	119.482	5,609,679.90	4,695,000.00
	12/01/2027	4,425,000.00	5.000%	121.163	5,361,462.75	4,425,000.00
	12/01/2028	4,040,000.00	5.000%	122.559	4,951,383.60	4,040,000.00
	12/01/2029	3,840,000.00	5.000%	123.753	4,752,115.20	3,840,000.00
	12/01/2030	3,195,000.00	4.000%	111.707	3,569,038.65	3,195,000.00
	12/01/2031	240,000.00	4.000%	110.049	264,117.60	240,000.00
	12/01/2032	250,000.00	4.000%	108.896	272,240.00	250,000.00
	12/01/2033	245,000.00	4.000%	107.851	264,234.95	245,000.00
		48,790,000.00			55,861,456.60	48,790,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	12/01/2033	4.000%	264,234.95	245,000.00		
Entire Issue			55,861,456.60	48,790,000.00	6.4484	2.2895%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	665,925.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	53,717,637.95
Proceeds used to advance refund prior issues	3,638,112.84
Remaining weighted average maturity of the bonds to be currently refunded	6.3133
Remaining weighted average maturity of the bonds to be advance refunded	8.6674

FORM 8038 STATISTICS

City of Cleveland, TN
 General Obligation Refunding Bonds, Series 2019 (Proposed)
 Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
 Preliminary - As of 1.8.19

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
General Obligation Refunding Bond, Series 2014A:					
TS	06/01/2025	2,305,000.00	2.510%	100.000	2,305,000.00
TS	06/01/2026	2,295,000.00	2.510%	100.000	2,295,000.00
TS	06/01/2027	2,370,000.00	2.510%	100.000	2,370,000.00
TS	06/01/2028	2,550,000.00	2.510%	100.000	2,550,000.00
TS	06/01/2029	2,565,000.00	2.510%	100.000	2,565,000.00
TS	06/01/2030	2,406,000.00	2.510%	100.000	2,406,000.00
		<u>20,931,000.00</u>			<u>20,931,000.00</u>
2014 Note - P.B.A. of Clarksville, TN (FTN) (Var. Rate through TMBF):					
TS	06/01/2019	185,000.00	2.640%	100.000	185,000.00
TS	06/01/2020	189,000.00	2.640%	100.000	189,000.00
TS	06/01/2021	194,000.00	2.640%	100.000	194,000.00
TS	06/01/2022	199,000.00	2.640%	100.000	199,000.00
TS	06/01/2023	205,000.00	2.640%	100.000	205,000.00
TS	06/01/2024	210,000.00	2.640%	100.000	210,000.00
TS	06/01/2025	216,000.00	2.640%	100.000	216,000.00
TS	06/01/2026	221,000.00	2.640%	100.000	221,000.00
TS	06/01/2027	227,000.00	2.640%	100.000	227,000.00
TS	06/01/2028	233,000.00	2.640%	100.000	233,000.00
TS	06/01/2029	239,000.00	2.640%	100.000	239,000.00
TS	06/01/2030	246,000.00	2.640%	100.000	246,000.00
TS	06/01/2031	252,000.00	2.640%	100.000	252,000.00
TS	06/01/2032	259,000.00	2.640%	100.000	259,000.00
TS	06/01/2033	266,000.00	2.640%	100.000	266,000.00
TS	06/01/2034	265,000.00	2.640%	100.000	265,000.00
		<u>3,606,000.00</u>			<u>3,606,000.00</u>
		<u>56,432,000.00</u>			<u>56,432,000.00</u>

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
General Obligation Refunding Bonds, Series 2009C	06/01/2019	08/12/2009	7.6165
General Obligation Refunding Bonds, Series 2009D	06/01/2019	08/26/2009	2.9529
General Obligation Refunding Bond, Series 2014A	04/01/2019	04/01/2014	6.9272
2014 Note - P.B.A. of Clarksville, TN (FTN) (Var. Rate through TMBF)	06/20/2019	06/20/2014	8.2327
All Refunded Issues	06/20/2019		6.4560

BOND SUMMARY STATISTICS

City of Cleveland, TN
2009C

Dated Date	03/21/2019
Delivery Date	03/21/2019
Last Maturity	12/01/2030
Arbitrage Yield	2.289519%
True Interest Cost (TIC)	2.474635%
Net Interest Cost (NIC)	2.705652%
All-In TIC	2.558278%
Average Coupon	4.740980%
Average Life (years)	7.521
Duration of Issue (years)	6.477
Par Amount	17,770,000.00
Bond Proceeds	20,623,293.00
Total Interest	6,335,858.33
Net Interest	3,615,840.33
Total Debt Service	24,105,858.33
Maximum Annual Debt Service	3,019,200.00
Average Annual Debt Service	2,061,308.55
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.500000
Total Underwriter's Discount	7.500000
Bid Price	115.306798

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	17,770,000.00	116.057	4.741%	7.521
	17,770,000.00			7.521

	TIC	All-In TIC	Arbitrage Yield
Par Value	17,770,000.00	17,770,000.00	17,770,000.00
+ Accrued Interest			
+ Premium (Discount)	2,853,293.00	2,853,293.00	2,853,293.00
- Underwriter's Discount	(133,275.00)	(133,275.00)	
- Cost of Issuance Expense		(109,264.18)	
- Other Amounts			
Target Value	20,490,018.00	20,380,753.82	20,623,293.00
Target Date	03/21/2019	03/21/2019	03/21/2019
Yield	2.474635%	2.558278%	2.289519%

NET DEBT SERVICE

City of Cleveland, TN
2009C

Period Ending	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
06/30/2020	440,000	5.000%	1,014,908.33	1,454,908.33	1,454,908.33
06/30/2021	455,000	5.000%	825,525.00	1,280,525.00	1,280,525.00
06/30/2022	535,000	5.000%	800,775.00	1,335,775.00	1,335,775.00
06/30/2023	1,495,000	5.000%	750,025.00	2,245,025.00	2,245,025.00
06/30/2024	1,210,000	5.000%	682,400.00	1,892,400.00	1,892,400.00
06/30/2025	1,805,000	5.000%	607,025.00	2,412,025.00	2,412,025.00
06/30/2026	1,980,000	5.000%	512,400.00	2,492,400.00	2,492,400.00
06/30/2027	2,285,000	5.000%	405,775.00	2,690,775.00	2,690,775.00
06/30/2028	1,805,000	5.000%	303,525.00	2,108,525.00	2,108,525.00
06/30/2029	1,450,000	5.000%	222,150.00	1,672,150.00	1,672,150.00
06/30/2030	1,350,000	5.000%	152,150.00	1,502,150.00	1,502,150.00
06/30/2031	2,960,000	4.000%	59,200.00	3,019,200.00	3,019,200.00
	17,770,000		6,335,858.33	24,105,858.33	24,105,858.33

SUMMARY OF REFUNDING RESULTS

City of Cleveland, TN
2009C

Dated Date	03/21/2019
Delivery Date	03/21/2019
Arbitrage yield	2.289519%
Escrow yield	2.289488%
Value of Negative Arbitrage	(0.03)
Bond Par Amount	17,770,000.00
True Interest Cost	2.474635%
Net Interest Cost	2.705652%
All-In TIC	2.558278%
Average Coupon	4.740980%
Average Life	7.521
Par amount of refunded bonds	20,470,000.00
Average coupon of refunded bonds	4.214109%
Average life of refunded bonds	7.617
PV of prior debt to 03/21/2019 @ 2.289519%	23,426,265.33
Net PV Savings	2,270,897.39
Percentage savings of refunded bonds	11.093783%
Percentage savings of refunding bonds	12.779389%

SUMMARY OF BONDS REFUNDED

City of Cleveland, TN
2009C

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Refunding Bonds, Series 2009C, 2009C:					
TS	06/01/2020	3.750%	25,000.00	06/01/2019	100.000
	06/01/2021	4.000%	25,000.00	06/01/2019	100.000
	06/01/2022	4.000%	25,000.00	06/01/2019	100.000
	06/01/2023	4.000%	1,100,000.00	06/01/2019	100.000
	06/01/2024	4.000%	1,050,000.00	06/01/2019	100.000
	06/01/2025	4.000%	300,000.00	06/01/2019	100.000
	06/01/2026	4.000%	3,400,000.00	06/01/2019	100.000
	06/01/2027	4.125%	3,125,000.00	06/01/2019	100.000
	06/01/2028	4.375%	350,000.00	06/01/2019	100.000
	06/01/2029	4.250%	100,000.00	06/01/2019	100.000
	06/01/2030	4.250%	100,000.00	06/01/2019	100.000
	06/01/2031	4.500%	4,050,000.00	06/01/2019	100.000
	SEWER	06/01/2020	3.750%	400,000.00	06/01/2019
06/01/2021		4.000%	500,000.00	06/01/2019	100.000
06/01/2022		4.000%	575,000.00	06/01/2019	100.000
06/01/2023		4.000%	675,000.00	06/01/2019	100.000
06/01/2024		4.000%	450,000.00	06/01/2019	100.000
06/01/2025		4.000%	350,000.00	06/01/2019	100.000
06/01/2026		4.000%	350,000.00	06/01/2019	100.000
06/01/2027		4.125%	300,000.00	06/01/2019	100.000
WATER	06/01/2028	4.375%	275,000.00	06/01/2019	100.000
	06/01/2020	3.750%	225,000.00	06/01/2019	100.000
	06/01/2024	4.000%	150,000.00	06/01/2019	100.000
	06/01/2025	4.000%	620,000.00	06/01/2019	100.000
	06/01/2026	4.000%	690,000.00	06/01/2019	100.000
	06/01/2027	4.125%	685,000.00	06/01/2019	100.000
	06/01/2028	4.375%	575,000.00	06/01/2019	100.000
			20,470,000.00		

Notes:

The Bonds maturing June 1, 2020 and thereafter shall be subject to redemption prior to maturity at the option of the City, as a whole, or in part, on June 1, 2019 and at any time thereafter

ESCROW REQUIREMENTS

City of Cleveland, TN
2009C

Period Ending	Interest	Principal Redeemed	Total
06/30/2019	423,781.26	20,470,000.00	20,893,781.26
	423,781.26	20,470,000.00	20,893,781.26

ESCROW DESCRIPTIONS

City of Cleveland, TN
2009C

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Mar 21, 2019:						
SLGS	Certificate	06/01/2019	06/01/2019	19,464,969	2.410%	2.410%
SLGS	Certificate	06/01/2019		1,336,530		2.410%
				20,801,499		

SLGS Summary

SLGS Rates File
Total Certificates of Indebtedness

08JAN19
20,801,499.00

SOURCES AND USES OF FUNDS

City of Cleveland, TN
2009D

Dated Date 03/21/2019
Delivery Date 03/21/2019

Sources:

Bond Proceeds:	
Par Amount	10,740,000.00
Premium	776,855.85
	11,516,855.85
Other Sources of Funds:	
Equity Contribution - FY 19 DS	227,168.75
	11,744,024.60

Uses:

Refunding Escrow Deposits:	
SLGS Purchases	11,600,706.00
Cash Deposit	0.20
	11,600,706.20
Delivery Date Expenses:	
Cost of Issuance	66,038.14
Underwriter's Discount	80,550.00
	146,588.14
Other Uses of Funds:	
Additional Proceeds	(3,269.74)
	11,744,024.60

BOND PRICING

City of Cleveland, TN
2009D

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:	12/01/2019	2,420,000	5.000%	1.770%	102.216	53,627.20
	12/01/2020	2,815,000	5.000%	1.830%	105.262	148,125.30
	12/01/2021	2,730,000	5.000%	1.860%	108.212	224,187.60
	12/01/2022	1,315,000	5.000%	1.950%	110.818	142,256.70
	12/01/2023	945,000	5.000%	2.040%	113.183	124,579.35
	12/01/2024	405,000	5.000%	2.080%	115.601	63,184.05
	12/01/2025	55,000	5.000%	2.140%	117.746	9,760.30
	12/01/2026	30,000	5.000%	2.230%	119.482	5,844.60
	12/01/2027	25,000	5.000%	2.300%	121.163	5,290.75
		10,740,000				776,855.85

Dated Date	03/21/2019	
Delivery Date	03/21/2019	
First Coupon	12/01/2019	
Par Amount	10,740,000.00	
Premium	776,855.85	
Production	11,516,855.85	107.233295%
Underwriter's Discount	(80,550.00)	(0.750000%)
Purchase Price	11,436,305.85	106.483295%
Accrued Interest		
Net Proceeds	11,436,305.85	

NET DEBT SERVICE

City of Cleveland, TN
2009D

Period Ending	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
06/30/2020	2,420,000	5.000%	580,916.67	3,000,916.67	3,000,916.67
06/30/2021	2,815,000	5.000%	345,625.00	3,160,625.00	3,160,625.00
06/30/2022	2,730,000	5.000%	207,000.00	2,937,000.00	2,937,000.00
06/30/2023	1,315,000	5.000%	105,875.00	1,420,875.00	1,420,875.00
06/30/2024	945,000	5.000%	49,375.00	994,375.00	994,375.00
06/30/2025	405,000	5.000%	15,625.00	420,625.00	420,625.00
06/30/2026	55,000	5.000%	4,125.00	59,125.00	59,125.00
06/30/2027	30,000	5.000%	2,000.00	32,000.00	32,000.00
06/30/2028	25,000	5.000%	625.00	25,625.00	25,625.00
	10,740,000		1,311,166.67	12,051,166.67	12,051,166.67

SAVINGS

City of Cleveland, TN
2009D

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 03/21/2019 @ 2.2895195%
06/30/2019	227,168.75	227,168.75				(1,003.35)
06/30/2020	3,124,337.50		3,124,337.50	3,000,916.67	123,420.83	91,526.28
06/30/2021	3,289,212.50		3,289,212.50	3,160,625.00	128,587.50	91,330.39
06/30/2022	3,066,812.50		3,066,812.50	2,937,000.00	129,812.50	91,442.88
06/30/2023	1,508,612.50		1,508,612.50	1,420,875.00	87,737.50	65,985.84
06/30/2024	1,078,212.50		1,078,212.50	994,375.00	83,837.50	64,851.45
06/30/2025	445,287.50		445,287.50	420,625.00	24,662.50	17,389.96
06/30/2026	82,437.50		82,437.50	59,125.00	23,312.50	19,265.52
06/30/2027	54,250.00		54,250.00	32,000.00	22,250.00	18,185.61
06/30/2028	52,125.00		52,125.00	25,625.00	26,500.00	21,267.17
	12,928,456.25	227,168.75	12,701,287.50	12,051,166.67	650,120.83	480,241.74

Savings Summary

PV of savings from cash flow	480,241.74
Plus: Refunding funds on hand	(3,269.74)
Net PV Savings	476,972.00

PRIOR BOND DEBT SERVICE

City of Cleveland, TN
2009D

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
06/30/2019			227,168.75	227,168.75	11,425,000	11,425,000
06/30/2020	2,670,000	3.750%	454,337.50	3,124,337.50	8,755,000	8,755,000
06/30/2021	2,935,000	4.000%	354,212.50	3,289,212.50	5,820,000	5,820,000
06/30/2022	2,830,000	4.000%	236,812.50	3,066,812.50	2,990,000	2,990,000
06/30/2023	1,385,000	4.000%	123,612.50	1,508,612.50	1,605,000	1,605,000
06/30/2024	1,010,000	4.250%	68,212.50	1,078,212.50	595,000	595,000
06/30/2025	420,000	4.250%	25,287.50	445,287.50	175,000	175,000
06/30/2026	75,000	4.250%	7,437.50	82,437.50	100,000	100,000
06/30/2027	50,000	4.250%	4,250.00	54,250.00	50,000	50,000
06/30/2028	50,000	4.250%	2,125.00	52,125.00		
	11,425,000		1,503,456.25	12,928,456.25		

ESCROW SUFFICIENCY

City of Cleveland, TN
2009D

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
06/30/2019	11,652,168.75	11,652,169.49	0.74	0.74
	11,652,168.75	11,652,169.49	0.74	

ESCROW STATISTICS

City of Cleveland, TN
2009D

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:	3,106,183.00	0.192	2.289520%	2.289520%	3,106,183.00		
	2,762,837.00	0.192	2.289494%	2.289494%	2,762,836.86	0.14	
	1,121,875.12	0.192	2.288518%	2.288518%	1,121,872.96	2.16	
	4,609,811.08	0.192	2.289588%	2.289588%	4,609,811.69	(0.61)	
	11,600,706.20				11,600,704.51	1.69	0.00

Delivery date 03/21/2019
Arbitrage yield 2.289519%

BOND SUMMARY STATISTICS

City of Cleveland, TN
2014A

Dated Date	03/21/2019
Delivery Date	03/21/2019
Last Maturity	12/01/2029
Arbitrage Yield	2.289519%
True Interest Cost (TIC)	2.369152%
Net Interest Cost (NIC)	2.620289%
All-In TIC	2.456215%
Average Coupon	5.000000%
Average Life (years)	7.064
Duration of Issue (years)	6.139
Par Amount	17,245,000.00
Bond Proceeds	20,273,318.30
Total Interest	6,091,034.72
Net Interest	3,192,053.92
Total Debt Service	23,336,034.72
Maximum Annual Debt Service	2,680,125.00
Average Annual Debt Service	2,182,070.78
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.500000
Total Underwriter's Discount	7.500000
Bid Price	116.810558

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	17,245,000.00	117.561	5.000%	7.064
	17,245,000.00			7.064

	TIC	All-In TIC	Arbitrage Yield
Par Value	17,245,000.00	17,245,000.00	17,245,000.00
+ Accrued Interest			
+ Premium (Discount)	3,028,318.30	3,028,318.30	3,028,318.30
- Underwriter's Discount	(129,337.50)	(129,337.50)	
- Cost of Issuance Expense		(106,036.07)	
- Other Amounts			
Target Value	20,143,980.80	20,037,944.73	20,273,318.30
Target Date	03/21/2019	03/21/2019	03/21/2019
Yield	2.369152%	2.456215%	2.289519%

NET DEBT SERVICE

City of Cleveland, TN
2014A

Period Ending	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
06/30/2020	560,000	5.000%	1,015,909.72	1,575,909.72	1,575,909.72
06/30/2021	755,000	5.000%	815,375.00	1,570,375.00	1,570,375.00
06/30/2022	770,000	5.000%	777,250.00	1,547,250.00	1,547,250.00
06/30/2023	810,000	5.000%	737,750.00	1,547,750.00	1,547,750.00
06/30/2024	1,015,000	5.000%	692,125.00	1,707,125.00	1,707,125.00
06/30/2025	2,065,000	5.000%	615,125.00	2,680,125.00	2,680,125.00
06/30/2026	2,075,000	5.000%	511,625.00	2,586,625.00	2,586,625.00
06/30/2027	2,175,000	5.000%	405,375.00	2,580,375.00	2,580,375.00
06/30/2028	2,385,000	5.000%	291,375.00	2,676,375.00	2,676,375.00
06/30/2029	2,370,000	5.000%	172,500.00	2,542,500.00	2,542,500.00
06/30/2030	2,265,000	5.000%	56,625.00	2,321,625.00	2,321,625.00
	17,245,000		6,091,034.72	23,336,034.72	23,336,034.72

SUMMARY OF REFUNDING RESULTS

City of Cleveland, TN
2014A

Dated Date	03/21/2019
Delivery Date	03/21/2019
Arbitrage yield	2.289519%
Escrow yield	2.289488%
Value of Negative Arbitrage	
Bond Par Amount	17,245,000.00
True Interest Cost	2.369152%
Net Interest Cost	2.620289%
All-In TIC	2.456215%
Average Coupon	5.000000%
Average Life	7.064
Par amount of refunded bonds	20,931,000.00
Average coupon of refunded bonds	3.549623%
Average life of refunded bonds	6.927
PV of prior debt to 03/21/2019 @ 2.289519%	22,753,896.31
Net PV Savings	1,234,790.87
Percentage savings of refunded bonds	5.899340%
Percentage savings of refunding bonds	7.160283%

SUMMARY OF BONDS REFUNDED

City of Cleveland, TN
2014A

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Refunding Bond, Series 2014A, 2014A:					
TS	06/01/2019	2.510%	979,000.00	04/01/2019	101.000
	06/01/2020	2.510%	1,004,000.00	04/01/2019	101.000
	06/01/2021	2.510%	1,033,000.00	04/01/2019	101.000
	06/01/2022	2.510%	1,050,000.00	04/01/2019	101.000
	06/01/2023	2.510%	1,088,000.00	04/01/2019	101.000
	06/01/2024	2.510%	1,286,000.00	04/01/2019	101.000
	06/01/2025	2.510%	2,305,000.00	04/01/2019	101.000
	06/01/2026	2.510%	2,295,000.00	04/01/2019	101.000
	06/01/2027	2.510%	2,370,000.00	04/01/2019	101.000
	06/01/2028	2.510%	2,550,000.00	04/01/2019	101.000
	06/01/2029	2.510%	2,565,000.00	04/01/2019	101.000
	06/01/2030	2.510%	2,406,000.00	04/01/2019	101.000
			20,931,000.00		

Notes:

The Bonds shall not be subject to redemption prior to maturity; provided however, at the option of the Municipality, upon fifteen (15) calendar days written notice to the registered owner, and with the consent of the registered owner, the Municipality may prepay the Bonds in full at the price of par plus a 1% premium, and accrued interest to the date of redemption.

Call provisions shown above are subject to approval by the TMBF / Bank.

Assumes a 2.51% interest rate through the 4/1/2019 rate reset date and then 3.61% thereafter (per TMBF).

ESCROW REQUIREMENTS

City of Cleveland, TN
2014A

Period Ending	Interest	Principal Redeemed	Redemption Premium	Total
06/30/2019	175,122.70	20,931,000.00	209,310.00	21,315,432.70
	175,122.70	20,931,000.00	209,310.00	21,315,432.70

ESCROW STATISTICS

City of Cleveland, TN
2014A

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
21,315,432.70				21,301,957.83		13,474.87
21,315,432.70				21,301,957.83	0.00	13,474.87

Delivery date 03/21/2019
Arbitrage yield 2.289519%

BOND SUMMARY STATISTICS

City of Cleveland, TN
2014 Jetport

Dated Date	03/21/2019
Delivery Date	03/21/2019
Last Maturity	12/01/2033
Arbitrage Yield	2.289519%
True Interest Cost (TIC)	2.741878%
Net Interest Cost (NIC)	2.964424%
All-In TIC	2.820327%
Average Coupon	4.496671%
Average Life (years)	8.391
Duration of Issue (years)	7.068
Par Amount	3,035,000.00
Bond Proceeds	3,447,989.45
Total Interest	1,145,195.83
Net Interest	754,968.88
Total Debt Service	4,180,195.83
Maximum Annual Debt Service	296,425.00
Average Annual Debt Service	284,474.57
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.500000
Total Underwriter's Discount	7.500000
Bid Price	112.857560

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	3,035,000.00	113.608	4.497%	8.391
	3,035,000.00			8.391

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,035,000.00	3,035,000.00	3,035,000.00
+ Accrued Interest			
+ Premium (Discount)	412,989.45	412,989.45	412,989.45
- Underwriter's Discount	(22,762.50)	(22,762.50)	
- Cost of Issuance Expense		(18,661.61)	
- Other Amounts			
Target Value	3,425,226.95	3,406,565.34	3,447,989.45
Target Date	03/21/2019	03/21/2019	03/21/2019
Yield	2.741878%	2.820327%	2.289519%

NET DEBT SERVICE

City of Cleveland, TN
2014 Jetport

Period Ending	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
06/30/2020	130,000	5.000%	166,420.83	296,420.83	296,420.83
06/30/2021	165,000	5.000%	131,425.00	296,425.00	296,425.00
06/30/2022	170,000	5.000%	123,050.00	293,050.00	293,050.00
06/30/2023	175,000	5.000%	114,425.00	289,425.00	289,425.00
06/30/2024	180,000	5.000%	105,550.00	285,550.00	285,550.00
06/30/2025	190,000	5.000%	96,300.00	286,300.00	286,300.00
06/30/2026	195,000	5.000%	86,675.00	281,675.00	281,675.00
06/30/2027	205,000	5.000%	76,675.00	281,675.00	281,675.00
06/30/2028	210,000	5.000%	66,300.00	276,300.00	276,300.00
06/30/2029	220,000	5.000%	55,550.00	275,550.00	275,550.00
06/30/2030	225,000	5.000%	44,425.00	269,425.00	269,425.00
06/30/2031	235,000	4.000%	34,100.00	269,100.00	269,100.00
06/30/2032	240,000	4.000%	24,600.00	264,600.00	264,600.00
06/30/2033	250,000	4.000%	14,800.00	264,800.00	264,800.00
06/30/2034	245,000	4.000%	4,900.00	249,900.00	249,900.00
	3,035,000		1,145,195.83	4,180,195.83	4,180,195.83

SUMMARY OF REFUNDING RESULTS

City of Cleveland, TN
2014 Jetport

Dated Date	03/21/2019
Delivery Date	03/21/2019
Arbitrage yield	2.289519%
Escrow yield	2.289488%
Value of Negative Arbitrage	0.61
Bond Par Amount	3,035,000.00
True Interest Cost	2.741878%
Net Interest Cost	2.964424%
All-In TIC	2.820327%
Average Coupon	4.496671%
Average Life	8.391
Par amount of refunded bonds	3,606,000.00
Average coupon of refunded bonds	3.784954%
Average life of refunded bonds	8.233
PV of prior debt to 03/21/2019 @ 2.289519%	4,025,727.46
Net PV Savings	258,442.33
Percentage savings of refunded bonds	7.167009%
Percentage savings of refunding bonds	8.515398%

SUMMARY OF BONDS REFUNDED

City of Cleveland, TN
2014 Jetport

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
2014 Note - P.B.A. of Clarksville, TN (FTN) (Var. Rate through TMBF), 2014_JET:					
TS	06/01/2019	2.640%	185,000.00		
	06/01/2020	2.640%	189,000.00	06/20/2019	100.000
	06/01/2021	2.640%	194,000.00	06/20/2019	100.000
	06/01/2022	2.640%	199,000.00	06/20/2019	100.000
	06/01/2023	2.640%	205,000.00	06/20/2019	100.000
	06/01/2024	2.640%	210,000.00	06/20/2019	100.000
	06/01/2025	2.640%	216,000.00	06/20/2019	100.000
	06/01/2026	2.640%	221,000.00	06/20/2019	100.000
	06/01/2027	2.640%	227,000.00	06/20/2019	100.000
	06/01/2028	2.640%	233,000.00	06/20/2019	100.000
	06/01/2029	2.640%	239,000.00	06/20/2019	100.000
	06/01/2030	2.640%	246,000.00	06/20/2019	100.000
	06/01/2031	2.640%	252,000.00	06/20/2019	100.000
	06/01/2032	2.640%	259,000.00	06/20/2019	100.000
	06/01/2033	2.640%	266,000.00	06/20/2019	100.000
	06/01/2034	2.640%	265,000.00	06/20/2019	100.000
			3,606,000.00		

Notes:

The Refunding Bonds may not be prepaid in whole or in part during the term of the Refunding Bonds; provided, however, that with the written approval of the Bank after notification by the Municipality to the Bank and TMB of its intent to prepay, the Municipality may prepay the Refunding Bonds in whole at the price of 101% of the principal amount to be prepaid, plus accrued interest to the date of prepayment.

Call provisions shown above are subject to approval by the TMBF / Bank.

Assumes a 2.64% interest rate through the 6/20/2019 rate reset date and then 3.82% thereafter (per TMBF).

ESCROW REQUIREMENTS

City of Cleveland, TN
2014 Jetport

Period Ending	Principal	Interest	Principal Redeemed	Total
06/30/2019	185,000.00	52,365.79	3,421,000.00	3,658,365.79
	185,000.00	52,365.79	3,421,000.00	3,658,365.79

ESCROW DESCRIPTIONS

City of Cleveland, TN
2014 Jetport

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Mar 21, 2019:						
SLGS	Certificate	06/01/2019	06/01/2019	1,236,432	2.410%	2.410%
SLGS	Certificate	06/20/2019	06/20/2019	2,401,680	2.410%	2.410%
				<u>3,638,112</u>		
Jun 1, 2019:						
SLGS	Rollover Cert	06/20/2019		1,009,695		
				<u>4,647,807</u>		

SLGS Summary

SLGS Rates File	08JAN19
Total Certificates of Indebtedness	3,638,112.00
Total Rollover SLGS	1,009,695.00

DISCLAIMER

City of Cleveland, TN
General Obligation Refunding Bonds, Series 2019 (Proposed)
Refunding of 2009C, 2009D, 2014A, and 2014 Jetport Bonds
Preliminary - As of 1.8.19

The U.S. Securities and Exchange Commission (the 'SEC') has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ('Davenport') has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons,

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport

NEW ISSUE
Book-Entry-Only

Ratings: Moody's: "____"
S&P: "____"

PRELIMINARY OFFICIAL STATEMENT

\$48,790,000*
CITY OF CLEVELAND, TENNESSEE
General Obligation Refunding Bonds, Series 2019

OFFERED FOR SALE NOT SOONER THAN
_____, _____, 2019 at 10:15 a.m. E.S.T.
Through the Facilities of *PARITY*[®]

Davenport & Company LLC
Financial Advisor

_____, 2019

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019

NEW ISSUE

BOOK-ENTRY-ONLY

Ratings: Moody's: "____"
S&P: "____"

(See "MISCELLANEOUS-Ratings")

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference in calculating the alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee except franchise and excise taxes. (See "LEGAL MATTERS - Tax Matters" herein).

\$48,790,000*

**CITY OF CLEVELAND, TENNESSEE
General Obligation Refunding Bonds, Series 2019**

Dated: Date of Delivery (assume _____, 2019)

Due: December 1 (as indicated below)

The \$48,790,000* General Obligation Refunding Bonds, Series 2019 (the "Bonds") of the City of Cleveland, Tennessee (the "City") shall be issued as book-entry-only Bonds in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. 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 semi-annually from the date thereof commencing on December 1, 2019 and thereafter on each December 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, 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 at the designated corporate trust office of the Registration Agent.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. The respective portions of the Bonds that finance improvements to the water and wastewater system and the electric distribution system of the City, as determined by the City, shall also be payable from but not secured by the revenues of such respective systems.

The Bonds maturing December 1, 2030 and thereafter are subject to optional redemption prior to maturity on or after December 1, 2029

<u>Maturity</u> <u>(Dec 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIPS **</u>	<u>Maturity</u> <u>(Dec 1)</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIPS **</u>
2019	\$ 3,550,000				2027	\$ 4,425,000			
2020	4,190,000				2028	4,040,000			
2021	4,205,000				2029	3,840,000			
2022	3,795,000				2030	3,195,000			
2023	3,350,000				2031	240,000			
2024	4,465,000				2032	250,000			
2025	4,305,000				2033	245,000			
2026	4,695,000								

This cover page contains certain information for quick reference only. It is 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 by the City, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon from John Kimball, counsel to the City. It is expected that the Bonds, will be available for delivery through the facilities of DTC, New York, New York, on or about __, 2019.

Davenport & Company LLC
Financial Advisor

__, 2019

* Preliminary, subject to change.

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

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 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 Official Statement. The Issuer 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 Issuer'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 Issuer, the Bonds, the Resolution, the Disclosure Certificate (as defined herein), 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, as amended, 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 Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer or the Underwriter. Except where otherwise indicated, all information contained in this Preliminary Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer 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 Underwriter. 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 Issuer, 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.

** These CUSIP numbers have been assigned by S&P CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bond holders. The City is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

CITY OF CLEVELAND, TENNESSEE

MAYOR

Kevin Brooks

COUNCILMEMBERS

Avery Johnson, Vice Mayor

Tom Cassada

William Estes

Dale Hughes

David May, Jr.

Charlie McKenzie

Ken Webb

CITY MANAGER

Joe Fivas

ASSISTANT CITY MANAGER / CITY CLERK / CFO

Shawn McKay

BOND COUNSEL

Bass, Berry & Sims PLC

Knoxville, Tennessee

BOND REGISTRATION AND PAYING AGENT

Regions Bank

Nashville, Tennessee

FINANCIAL ADVISOR

Davenport & Company LLC

Charlotte, North Carolina

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City of Cleveland

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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*.

- IssuerCity of Cleveland, Tennessee (the “City”, “Municipality” or “Issuer”). See APPENDIX B contained herein.
- The Bonds.....The \$48,790,000* General Obligation Refunding Bonds, Series 2019 (the “Bonds”) of the City, dated the date of delivery (estimated to be _____, 2019). The Bonds will mature each December 1 beginning December 1, 2019 through December 1, 2033, inclusive, See the section herein entitled “SECURITIES OFFERED – Authority and Purpose”.
- Security.....The Bonds are payable from taxes to be levied on all taxable property in said Issuer without limitation as to rate and amount. For the prompt payment of such principal and interest, the full faith, credit and resources of the City of Cleveland, Tennessee are irrevocably pledged. The respective portions of the Bonds that finance improvements to the water and wastewater system and the electric distribution system of the City, as determined by the City, shall also be payable from but not secured by the revenues of such respective systems.
- Purpose.....The Bonds are being issued for the purpose of financing, in whole or in part, (i) refinancing, in whole or in part, certain Outstanding Debt (as defined herein) of the City, as described herein; and (ii) payment of the costs related to the issuance and sale of the Bonds. See the section entitled “SECURITIES OFFERED - Authority and Purpose” contained herein.
- Optional Redemption.....The Bonds are subject to optional redemption prior to maturity on or after December 1, 2028, at the redemption price of par plus accrued interest. See section entitled “SECURITIES OFFERED - Optional Redemption”.
- Tax Matters.....In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference in calculating the alternative minimum tax. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled “LEGAL MATTERS-Tax Matters” and APPENDIX A (form of opinion) included herein.
- Ratings.....Moody’s : “___”, and S&P: “___”. See the section entitled “MISCELLANEOUS - Ratings” for more information.
- Registration and Paying AgentRegions Bank, Nashville, Tennessee (the “Registration Agent”).
- Bond Counsel.....Bass, Berry & Sims PLC, Knoxville, Tennessee.
- Financial Advisor.....Davenport & Company LLC, Charlotte, North Carolina. See the section entitled “MISCELLANEOUS - Financial Advisor, Related Parties; Other” herein.
- Underwriter....._____.
- Book-Entry-Only.....The Bonds will be issued under the Book-Entry System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION – Book-Entry System”.
- GeneralThe Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the section

* Preliminary, subject to change.

entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.

- DisclosureIn accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, 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 Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”
- Other Information.....The information in this *Preliminary Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omission of certain pricing and other information. For more information concerning the City, or the PRELIMINARY OFFICIAL STATEMENT, contact Mr. Kevin Brooks, Mayor, or Mr. Joe Fivas, City Manager, Cleveland Municipal Building, 190 Church Street, N.E., Cleveland, Tennessee 37364-1519, telephone: 423-472-4551; or the City's Financial Advisor, Davenport & Company LLC, Telephone: (704) 644-5413. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: 800.850.7422.

GENERAL FUND BALANCES

Summary of Changes In Fund Balances
(In Thousands)
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Beginning Fund Balance	\$12,392,086	\$12,812,055	\$9,724,807	\$10,847,062	\$11,548,699
Revenues	39,166,138	42,471,702	41,668,152	41,894,584	48,643,651
Expenditures	29,011,1185	29,656,461	30,634,561	30,736,083	32,424,322
Other Financing Sources:					
Transfers In	2,325,593	2,286,162	2,390,243	2,436,262	3,120,516
Transfers Out	(12,137,345)	(18,330,832)	(12,301,579)	(12,893,126)	(16,860,246)
Bond/Note/Lease Proceeds	-	142,181	-	-	-
Adjustments	76,768	-	-	-	238,797
Ending Fund Balance	<u>\$12,812,055</u>	<u>\$9,724,807</u>	<u>\$10,847,062</u>	<u>\$11,548,699</u>	<u>\$14,237,095</u>

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

SUMMARY NOTICE OF SALE

\$48,790,000*

CITY OF CLEVELAND, TENNESSEE

General Obligation Refunding Bonds, Series 2019

NOTICE IS HEREBY GIVEN that the Mayor of the City of Cleveland, Tennessee (the “City”) will receive electronic until **10:15 a.m. E.S.T.** on _____, _____, **2019** for the purchase of all, but not less than all, of the City's \$48,790,000* General Obligation Refunding Bonds, Series 2019 (the “Bonds”). Electronic bids must be submitted through **PARITY**[®] as described in the “Detailed Notice of Sale”. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY**[®] System not later than 9:30 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Bloomberg News Service and/or the **PARITY**[®] System.

Electronic bids must be submitted through **PARITY**[®] via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, the time maintained by **PARITY**[®] shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in **PARITY**[®] conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume _____, 2019). The Bonds will mature on December 1 in the years 2019 through 2033, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing December 1, 2019, and will be subject to optional redemption prior to maturity on or after December 1, 2028 at the redemption price of par plus accrued interest. Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty percent (120%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the City by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Bonds shall exceed five percent (5.00%) per annum.

Additional information, including the PRELIMINARY OFFICIAL STATEMENT in near final form and the Detailed Notice of Sale, may be obtained from the City’s Financial Advisor, Davenport & Company LLC, Charlotte, North Carolina (704) 644-5413. Further information regarding **PARITY**[®] may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

CITY OF CLEVELAND, TENNESSEE
By: Kevin Brooks, Mayor

* Preliminary, subject to change.

DETAILED NOTICE OF SALE

\$48,790,000*

CITY OF CLEVELAND, TENNESSEE
General Obligation Refunding Bonds, Series 2019

NOTICE IS HEREBY GIVEN that the Mayor of the City of Cleveland, Tennessee (the “City”) will receive electronic until **10:15 a.m. E.S.T.** on _____, _____, **2019** for the purchase of all, but not less than all, of the City's \$48,790,000* General Obligation Refunding Bonds, Series 2019 (the “Bonds”). Electronic bids must be submitted through **PARITY®** as described in the “Detailed Notice of Sale”. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the **PARITY®** System not later than 9:30 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated via Bloomberg News Service and/or the **PARITY®** System.

Description of the Bonds. The Bonds will be issued in book-entry-only form without coupons and will be issued or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable. Interest on the Bonds will be calculated on a 30/360 basis and will be payable on June 1 and December 1 of each year, commencing December 1, 2019. The Bonds will mature and be payable on December 1 of each year as follows:

<u>YEAR</u> <u>(DEC 1)</u>	<u>AMOUNT*</u>	<u>YEAR</u> <u>(DEC 1)</u>	<u>AMOUNT*</u>
2019	\$ 3,550,000	2027	\$ 4,425,000
2020	4,190,000	2028	4,040,000
2021	4,205,000	2029	3,840,000
2022	3,795,000	2030	3,195,000
2023	3,350,000	2031	240,000
2024	4,465,000	2032	250,000
2025	4,305,000	2033	245,000
2026	4,695,000		

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee. 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 fully-registered bond certificate will be issued for each maturity (the “Bond Certificates”), in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 for the Bonds and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants (the “DTC Participants” or “Participants of DTC”). The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by

Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the winning bidder certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-Entry-Only System is not required.

In the event that the Book-Entry Only System for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) at its principal corporate trust office, and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. The respective portions of the Bonds that finance improvements to the water and wastewater system and the electric distribution system of the City, as determined by the City, shall also be payable from but not secured by the revenues of such respective systems.

Purpose. The Bonds are being issued for the purpose of (i) refinancing, in whole or in part, certain Outstanding Debt, as described in the section “REFUNDING PLAN” below; and (ii) payment of the costs related to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on December 1, 2029, and thereafter, will be subject to optional redemption prior to maturity at the option of the City on and after December 1, 2028, as a whole or part, at any time, at the redemption price of par plus accrued interest as provided herein.

Term Bond Option; Mandatory Redemption. Bidders shall have the option for all of the Bonds to be issued as serial bonds or may designate certain consecutive annual principal payments of the Bonds (beginning not earlier than the amount due on December 1, 2029) to be combined into not more than two term bonds (“Term Bonds”) bearing a single interest rate. If the successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date. Term Bonds to be redeemed within a single maturity shall be selected in the manner provided above for optional redemption of Bonds within a single maturity.

Bidding Instructions. The City will receive electronic bids for the purchase of all, but not less than all, of the Bonds. Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of 1/8 or 1/20 of 1%, and each bidder must specify in its bid the amount and the maturities of the Bonds of each rate. Any number of interest rates may be named, provided the difference between the lowest and highest rates named in the bid shall not exceed 3% with a maximum rate bid of 5%. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds, but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty percent (120%) of par.

Electronic bids must be submitted through **PARITY**[®] via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by **PARITY**[®] shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **PARITY**[®] conflict with the terms of the Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of **PARITY**[®] shall be deemed an offer to purchase in response to the Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **PARITY**[®]. The use of **PARITY**[®] facilities are at the sole risk of the prospective bidders.

For further information regarding **PARITY**[®], potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, Telephone: 212-849-5000.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time for receiving such bids specified above.

The City reserves the right to reject all bids for the Bonds and to waive any informalities or irregularities in the bids accepted. Acceptance or rejection of "Bids for Bonds" for the Bonds will not obligate the City to accept or reject "Bids for Bonds".

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the City. The true interest cost (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semi-annually, which, when applied against each combined semi-annual debt service payment (interest, or principal and interest, as due, including any mandatory sinking fund payment) for the Bonds, will equate the sum of such discounted semi-annual payments to the total purchase price. The true interest cost shall be calculated from the dated date of the Bonds. In case of a tie, the City, at its sole discretion, may select the successful bidder.

Before and after receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Changes to Preliminary Principal Amounts of the Bonds. The City reserves the right to revise the aggregate principal amount and the principal amount of each maturity of the Bonds as set forth on page iv of this Detailed Notice of Bond Sale (the "Preliminary Principal Amounts"). Any such revisions (the "Revised Aggregate Principal Amount" and the "Revised Annual Principal Amounts," collectively, the "Revised Amounts") will be announced via Bloomberg News Service and/or the **PARITY**[®] System not later than 9:30 a.m. Local Time on the announced date for the receipt of bids. In the event that no such revisions are made, the Preliminary Principal Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts. Prospective bidders may request notification by electronic mail or facsimile transmission of any such changes in the Preliminary Principal Amounts by so advising, and furnishing their contact information to Davenport & Company LLC at (704) 644-5413 no later than 5:00 p.m. Local Time the day before the date for receipt of bids.

Changes to Aggregate Principal Amount. The Revised Aggregate Principal Amount and the Revised Annual Principal Amounts of the Bonds may be revised by the City following acceptance of a bid for the purchase of the Bonds. In making such adjustment, the City will not increase or reduce the Revised Aggregate Principal Amount by more than 15%. The changes made to the maturity schedule for the bonds after the bids are opened will be determined by the City, in their discretion, to take into account any discount or premium bid and

to provide for approximately level annual debt service. The successful bidder may not withdraw its bid or change the price or interest rate bid at the initial reoffering price, as defined herein, as a result of any adjustment made to the Revised Amounts of the Bonds within these limits. In the event of any such adjustment, no re-bidding or re-calculation of the bids submitted will be required or permitted. The dollar amount bid by the successful bidder for the Bonds will be adjusted to reflect the changes in the Revised Aggregate Principal Amount. Such adjusted dollar amount bid will reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of the Bonds from the selling compensation per \$1,000 that would have been received based on the purchase price and the initial reoffering prices in the winning bid. The interest rates specified by the successful bidder for each maturity and the initial reoffering prices will not change. The City anticipates that it will notify the successful bidder of any adjustment to the Revised Amounts of the Bonds by 5:00 p.m. Local Time on the date of the sale.

Good Faith Deposit. The successful bidder for the Bonds, as indicated on BiDCOMP/PARITY, shall submit a good faith deposit in the amount of \$112,300 (the "Good Faith Deposit") for the winning bid on the Bonds to the City as provided below. The Good Faith Deposit will secure the City from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. The successful bidder shall transfer the Good Faith Deposit by wire transfer directly to the City upon notification of the preliminary award of the Bonds, as indicated on BiDCOMP/PARITY (the "Preliminary Award"), but in any case, no later than 2:00 p.m. Local Time on the date of the Preliminary Award. Wire instructions will be provided to the successful bidder by the City's Financial Advisor upon notification of the Preliminary Award.

The successful bidder shall provide as quickly as it is available, evidence of wire transfer to the City's Financial Advisor by providing to the City's Financial Advisor the federal funds reference number. The formal award of the Bonds shall not be made until the City's Financial Advisor has confirmation of receipt of the Good Faith Deposit, and if the successful bidder fails to so deliver the Good Faith Deposit by the time designated above, the City will have the option to withdraw the Preliminary Award and the successful bidder shall be responsible to the City for all consequential damages arising from such withdrawal.

At the time of delivery of the Bonds, the Good Faith Deposit will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its proposal. The successful bidder shall have no right in or to the Good Faith Deposit if it fails to complete the purchase of, and payment in full of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the City. No interest will be paid upon the Good Faith Deposit to the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the City retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

Establishment of Issue Price

Undertakings of the Successful Bidder. The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
- B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.

- C. Any other material information that the City determines is necessary to complete the Detailed Statement in final form.

After the award of the Bonds, the City will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final Official Statement a “NRO” (“not reoffered”) designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

The City expects the successful bidder to deliver copies of such Official Statement in final form (the “Final Official Statement”) to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board (“MSRB”) via the MSRB’s Electronic Municipal Market Access System (“EMMA”). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that it has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Issue Price Certificate

- a. The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City, on or prior to the date of issuance and delivery of the Bonds (the “Closing Date”), an “issue price” or similar certificate setting forth the reasonably expected initial offering prices to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A or Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Bass, Berry & Sims PLC (“Bond Counsel”). All actions to be taken by the City under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Financial Advisor and any notice or report to be provided to the City may be provided to the Financial Advisor.
- b. The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:
1. the City shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
 2. all bidders shall have an equal opportunity to bid;
 3. the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds;
 4. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale; and
 5. Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.
- c. In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the successful bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity and/or (ii) the initial

offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The City shall promptly advise the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

- d. By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:
1. the close of the fifth (5th) business day after the sale date; or
 2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

The successful bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- e. If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.
- f. The City acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Bonds.
- g. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial

sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

- h. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:
1. “public” means any person other than an underwriter or a related party;
 2. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);
 3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
 4. “sale date” means the date that the Bonds are awarded by the City to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the City, at closing, with an issue price certificate consistent with the foregoing. A form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Hold-the-Offering-Price Rule does not apply, and a form of the issue price certificate is attached to the Detailed Notice of Sale as Exhibit B if such Rule does apply.

Reoffering Prices; Other Information. The successful bidder must furnish the following information to the City to complete the *Official Statement* in final form within two (2) hours after receipt and award of the bid for the Bonds:

1. The offering prices or yields for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest, if applicable) (must be provided within 30 minutes);
2. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields as provided above);
3. The identity of the underwriters if the successful bidder is part of a group or syndicate; and
4. Any other material information necessary to complete the *Official Statement* in final form but not known to the City.

As a condition to the delivery of the Bonds, the successful bidder will be required to deliver a certificate to the City as is described above relating to reoffering price.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal law alternative minimum tax. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds, reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

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 each of the City's fiscal years, (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "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 events will be filed by the City either 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.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days notice will be given to the successful bidder. Delivery will be made in book-entry form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds. Delivery is expected on or about _____, 2019.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City and applied for by the Financial Advisor. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The City has deemed the PRELIMINARY OFFICIAL STATEMENT to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be

delivered by the successful bidder to the persons to whom such bidder and members of its bidding group initially sell the Bonds. Acceptance of the bid will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, the Detailed Notice of Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, Davenport & Company LLC, Charlotte, North Carolina, Telephone: 704-644-5413. Further information regarding **PARITY**[®] may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Kevin Brooks, Mayor

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EXHIBIT A

§ _____
CITY OF CLEVELAND, TENNESSEE
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

ISSUE PRICE CERTIFICATE
(for Competitive Sales, to be modified if Hold the Offering Price Rule applies)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the City of Cleveland, Tennessee (the “Issuer”).

1. ***Reasonably Expected Initial Offering Price.***

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2019.
- (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations

thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry, Sims PLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

Exhibit B

\$ _____

CITY OF CLEVELAND, TENNESSEE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

ISSUE PRICE CERTIFICATE (if Hold-the-Offering-Price Rule applies)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) [and the other members of the underwriting syndicate (together, the “Underwriting Group”)], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Cleveland, Tennessee (the “Issuer”).

1. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

- (a) [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
- (b) As set forth in the [Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. ***Defined Terms.***

- (a) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (b) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriting Group] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

- (d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2019.
- (f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry, Sims PLC connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

BID FORM

The Honorable Kevin Brooks, Mayor
 Cleveland Municipal Building
 190 Church Street, N.E.
 Cleveland, Tennessee 37364-1519

____, 2019

Dear Mayor Brooks:

For your legally issued, properly executed \$48,790,000* General Obligation Refunding Bonds, Series 2019 (the "Bonds") of the City of Cleveland, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of _____ (\$).

The Bonds shall be dated the date of issuance (assume _____, 2019) and shall be callable in accordance with the DETAILED NOTICE OF SALE. The Bonds shall mature on December 1 and bear interest at the following rates:

<u>Maturity</u> <u>(Dec 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity</u> <u>(Dec 1)</u>	<u>Amount*</u>	<u>Rate</u>
2019	\$ 3,550,000	___	2027	\$ 4,425,000	___
2020	4,190,000	___	2028	4,040,000	___
2021	4,205,000	___	2029	3,840,000	___
2022	3,795,000	___	2030	3,195,000	___
2023	3,350,000	___	2031	240,000	___
2024	4,465,000	___	2032	250,000	___
2025	4,305,000	___	2033	245,000	___
2026	4,695,000	___			___

We have the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

- Term Bond 1: Maturities from December 1, 20_____ through December 1, 20_____ @ _____%.
- Term Bond 2: Maturities from December 1, 20_____ through December 1, 20_____ @ _____%.
- Term Bond 3: Maturities from December 1, 20_____ through December 1, 20_____ @ _____%.
- Term Bond 4: Maturities from December 1, 20_____ through December 1, 20_____ @ _____%.
- Term Bond 5: Maturities from December 1, 20_____ through December 1, 20_____ @ _____%.
- Term Bond 6: Maturities from December 1, 20_____ through December 1, 20_____ @ _____%.

It is our understanding that the Bonds are offered for sale as subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the
 City of Cleveland, Tennessee, this
 ___th day of _____, 2019

Respectfully submitted,

 Kevin Brooks, Mayor

Total interest cost from
 _____, 2019 to final maturity \$ _____
 Less: Premium /plus discount, if any \$ _____
 Net Interest Cost \$ _____
 True Interest Rate _____%

The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.

* Preliminary, subject to change.

\$48,790,000*
CITY OF CLEVELAND, TENNESSEE
General Obligation Refunding Bonds, Series 2019

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This PRELIMINARY OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto is furnished in connection with the offering by the City of Cleveland, Tennessee (the “City”, “Municipality” or “Issuer”) of its \$48,790,000* General Obligation Refunding Bonds, Series 2019 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, and other applicable provisions of the law and pursuant to resolutions adopted by the Board of Mayor and Council of the City (the “Board”). The detailed bond resolution (the “Resolution”) was adopted by the Board on ____, 2019.

The Bonds are being issued for the purpose of (i) refinancing, in whole or in part, certain Outstanding Debt, as described in the section “REFUNDING PLAN” below; and (ii) payment of the costs related to the issuance and sale of the Bonds.

REFUNDING PLAN

The City is proposing to issue the Bonds to refinance the City’s outstanding: (1) General Obligation Refunding Bonds, Series 2009C, dated August 12, 2009, maturing June 1, 2020 through June 1, 2031 (the “Series 2009C Bonds”); (2) General Obligation Refunding Bonds, Series 2009D, dated August 26, 2009, maturing June 1, 2020 through June 1, 2023 (the “Series 2009D Bonds”); (3) Loan Agreement, Series 2014, dated April 1, 2014, maturing June 1, 2020 through June 1, 2030 (the “Series 2014A Loan”) and (4) Loan Agreement, Series 2014, dated June 20, 2014, maturing June 1, 2019 through June 1, 2034 (the “Series 2014B Loan”) (collectively, the “Outstanding Debt”). The Outstanding Debt will be called for redemption within 90 days of the closing.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the “Plan”) for the Outstanding Debt was submitted to the Director of the Office of State and Local Finance for review, and a report was received thereon.

DESCRIPTION OF THE BONDS

The Bonds will be initially dated and bear interest from the date of issuance (assume _____, 2019). Interest on the Bonds will be payable semi-annually on December 1 and December 1, commencing December 1, 2019. The Bonds are issuable in registered book-entry form only and in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

* Preliminary, subject to change.

The Bonds shall be signed by the Mayor and shall be attested by the City Clerk. No Bond shall be valid until it has been authenticated by the manual signature of an authorized representative of the Registration Agent and the date of authentication noted thereon.

SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. The respective portions of the Bonds that finance improvements to the water and wastewater system and the electric distribution system of the City, as determined by the City, shall also be payable from but not secured by the revenues of such respective systems.

The City through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected.

The Bonds will not be obligations of the State of Tennessee.

OPTIONAL REDEMPTION

Bonds maturing December 1, 2030, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on December 1, 2029 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

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

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

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MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing December 1, 20__, and December 1, 20__ on the redemption dates set forth below opposite the maturity date, 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. The Bonds to be so redeemed shall be selected in the manner described above as the Bonds within a maturity to be so redeemed shall be selected in the same manner as is described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

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

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The City shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

NOTICE OF REDEMPTION

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date

("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. The failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

PAYMENT OF BONDS

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Registration Agent.

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor 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, except as described below. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System (defined below) is not required.

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 Registration Agent, its successor or the Issuer 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 Bond 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 Issuer in respect of such Bonds to the extent of the payments so made, except as described above. 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.

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 fully-registered bond certificate 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, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market

instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of 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 Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 Issuer 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 ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE FINANCIAL 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 do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts 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.

None of the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

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 Issuer determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the Issuer 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 Issuer believes to be reliable, but the Issuer, the Bond Counsel, the Registration Agent, the Financial 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 Issuer, the Bond Counsel, the Registration Agent, the Financial 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 Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be applied by the City as follows:

- (a) an amount, which together with investment earnings thereon and other legally available funds of the City, if any, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Debt until and through the redemption date therefor shall be transferred to an escrow agent under a refunding escrow agreement to be deposited to an Escrow Fund established thereunder to be held and applied as provided therein or transferred to the paying agent and/or trustee for the Outstanding Debt to be held to the earliest optional redemption date; and
- (b) the remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance the Bonds, and all necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, registration agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

DISCHARGE AND SATISFACTION OF BONDS

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

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (“an Agent”; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving or such notice); or
3. By delivering such Bonds to the Registration Agent for cancellation by it;

and 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 of the City instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void; and 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 registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

Except as otherwise provided in this section, neither Defeasance Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance 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 Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal 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. For the purposes hereof, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described herein, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

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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.

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INVESTMENT CONSIDERATIONS

GENERAL

Set forth below are certain factors purchasers of the Bonds should consider when making an investment decision. All potential considerations 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.

LOSS OF TAX EXEMPTION

There is no provision for the redemption of the Bonds or for the payment of additional interest on the Bonds in the event that interest on the Bonds becomes includable in gross income for federal income tax purposes. In the event that 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 the section entitled "LEGAL MATTERS – Tax Matters".

OTHER CONSIDERATIONS

In the future, there are many possible factors that may adversely affect the City such as changing economic conditions, unfunded mandates from the state or federal level among many others. Proposals to eliminate the tax-exempt status of bonds issued by the governmental entities (including the City), or to limit the use of such tax-exempt bonds, which have been made in the past, and which may be made again in the future. The adoption of such proposals would increase the cost to the City of financing future capital needs.

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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. See the subsection entitled Closing Certificates for additional information.

TAX MATTERS

Federal

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code), and
- is not treated as an item of tax preference in calculating the alternative minimum tax.

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

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

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also the section below "CHANGES IN FEDERAL AND STATE LAW" below.

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

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

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

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on

the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

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, signed by the Mayor acting in his official capacity to the effect that to the best of his 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, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) 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) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the

Mayor and City Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) 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.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bond counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified 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 in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the forms of the opinion are included in APPENDIX A. For additional information, see the section entitled MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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MISCELLANEOUS

RATINGS

Moody's Investor Services, Inc. ("Moody's") and S&P Global Ratings ("S&P") have given the ratings of "___" and "___", respectively, to the Bonds. Such ratings reflect only the views of such organizations and explanations of the significance of such ratings should be obtained from such agencies.

There is no assurance that such ratings will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by Moody's and S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and rating, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the ratings may have an adverse effect on the secondary market price of the Bonds.

Any explanation of the significance of the ratings may be obtained only from Moody's and S&P.

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on _____, 2019. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated _____, 2019.

The successful bidder for the Bonds was an account led by _____, _____, _____ (the "Underwriters") who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$ _____ (consisting of the par amount of the Bonds, less an underwriter's discount of \$ _____ and less an original issue discount of \$ _____) or ____% of par.

FINANCIAL ADVISOR; RELATED PARTIES; OTHER

Financial Advisor. Davenport & Company LLC, Charlotte, North Carolina, has served as financial advisor (the "Financial Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Financial Advisor has not been engaged by the City to create or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the City, any of its affiliated or contractors and any outside parties has not been independently verified by the Financial Advisor,

and inclusion of such information is not, and should not be construed as, a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

Regions Bank. Regions Bank (the “Bank”) is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

Official Statements. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer 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 Financial Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, 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.

Bond Counsel. From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the City and may do so again in the future.

DEBT RECORD

There is no record of default on principal or interest payments of the Issuer. Additionally, no agreements or legal proceedings of the Issuer relating to securities have been declared invalid or unenforceable.

ADDITIONAL DEBT

The City has not authorized any additional debt. However, the City has additional public improvements needs, including but not limited to utility improvements, which may require the authorization and issuance of additional debt.

CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later

than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2019 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The issuer will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriter in complying with U.S. Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

Five-Year History of Filing.

Primary Base CUSIP 186522 - The required information and audits for Fiscal Years 2013, 2014, 2015, 2016 and 2017 were each filed on time to the primary base CUSIP (186522) for the City.

Secondary Base CUSIP 186523 - The City's General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds), dated December 15, 2010, and General Obligation Refunding Bonds, Series 2009D, dated August 26, 2009, were issued under a different base CUSIP (186523) from the rest of the City's issues (186522). The required information and audits for Fiscal Years 2013, 2014 and 2015 were each filed late on January 18, 2017 (30 months late, 18 months late and 6 months late, respectively) to the secondary base CUSIP (186523) for the City because of confusion on the Issuer having two separate base CUSIPs. The required information and audits for Fiscal Years 2016 and 2017 were each filed on time to the secondary base CUSIP (186523) for the City.

While it is believed that all appropriate filings were made with respect to the ratings of the City's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12. The City does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the City, for the past five years, the City has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted auditing standards, 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 herein, and the audited financial statements shall be filed when available.

The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-9;
2. The indebtedness and debt ratio as of the end of such fiscal year, together with information about the property tax base as shown on pages B-10 and B-11;
3. Information about the Bonded Debt Service Requirements - General Obligation City and School Debt – Excludes Revenue Supported Debt as of the end of such fiscal year as shown on page B-12;
4. Information about the Bonded Debt Service Requirements - Water and Sewer System as of the end of such fiscal year as show on page B-13;
5. Information about the Bonded Debt Service Requirements – Electric Division as of the end of such fiscal year as show on page B-14;
6. The fund balances, net assets and retained earnings for the fiscal year as shown on page B-15;
7. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-16;
8. Summary of Revenues, Expenditures and Changes in Retained Earnings – Cleveland Utilities Fund (Water and Sewer and Electric Divisions) for the fiscal year as shown on page B-17;
9. 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 as shown on page B-23;
10. 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 as shown on page B-24; and
11. The ten largest taxpayers as shown on page B-24.

Any or all of the items listed above may be incorporated by reference from other documents, including OFFICIAL STATEMENTS in final form for debt issues of the City or related public entities, which have been submitted to each of the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is an OFFICIAL STATEMENT, in final form, it will be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any. Notwithstanding the foregoing, notice of Listed Events described in subsection (3)(h) and (i) 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.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. 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;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, 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; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Termination of Reporting Obligation. The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

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

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events 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 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 the 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, 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.

Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner 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 the Disclosure Certificate. A default under the

Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

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

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of 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 OFFICIAL STATEMENT, in final form, and any advertisement of the Bonds, is 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 this PRELIMINARY OFFICIAL STATEMENT or the OFFICIAL STATEMENT, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this PRELIMINARY OFFICIAL STATEMENT as "final" as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

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CERTIFICATION OF ISSUER

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ _____
Mayor

ATTEST:

/s/ _____
City Clerk

FORM OF LEGAL OPINION

**SUPPLEMENTAL INFORMATION STATEMENT
OF
CITY OF CLEVELAND, TENNESSEE**

GENERAL INFORMATION

LOCATION

The City of Cleveland (the "City") serves as the county seat of Bradley County (the "County") and is located in the southeast portion of the State of Tennessee approximately 26 miles northeast of Chattanooga and 80 miles south of Knoxville. The City lies in a valley between the Cumberland and Great Smoky Mountains and consists of 30.33 miles of land area. Bradley County is bordered to the east by Hamilton County and to the west by Polk County. Meigs and McMinn Counties make up the County's northern border. To the south, the County is bordered by the state of Georgia.

The City added more jobs, by 9.3 percent from February 2015 to February 2016, than any other U.S. city. This was mainly due to the opening of the \$2.5 billion Wacker Chemical polysilicon facility creating 600 new jobs and the Amazon distribution facility increasing its workforce by over 300 new jobs. Cleveland is also located about 10 miles from the new \$1 billion Volkswagen plant built in Hamilton County. See "RECENT DEVELOPMENTS" for more information.

GENERAL

In 2004 Cleveland was designated a Metropolitan Statistical Area (the "MSA") that had a population of 115,099 according to the 2010 US Census. The MSA includes Bradley and Polk Counties.

The City is also part of the Chattanooga-Cleveland-Athens, TN-GA Combined Statistical Area (the "CSA") of southeast Tennessee and northeast Georgia. According to the 2010 Census, the CSA had a population of 698,157. The CSA includes Hamilton, Marion and Sequatchie Counties in Tennessee. The City of Chattanooga is the largest city in the CSA with a population of 167,674 according to the 2010 Census. Cleveland is the County's largest city with a Census 2010 population of 41,285. The 2010 Census reported the County with a 98,963 population.

TRANSPORTATION

Transportation is provided by numerous facilities. The County is served by Interstate highway 75, U.S. highways 11 and 64, and state routes 60, 74, 40 and 2. Over 100 motor freight carriers serve the area with local terminals. The Norfolk-Southern railway's main line between New Orleans and Washington, D.C. is located less than thirty miles from Cleveland. Ten miles north of Cleveland a barge terminal is located on the Hiwassee River, providing manufacturing concerns with direct access to a major barge traffic artery.

The Cleveland Regional Jetport has a 6,200-foot runway that was completed in 2013. Commercial airline service is available in Chattanooga at Lovell Field, which is approximately 15 miles from the County. Air freight, cargo and package express services are also available at Lovell Field.

EDUCATION

There are two school systems in the County. The *Bradley County School System* operates eleven elementary schools, two middle schools, and two high schools with a fall 2017 enrollment of about 9,869 students and 612 teachers. The *Cleveland City Schools System* operates six elementary schools, one middle school, one high school and one alternative school with a fall 2017 enrollment of about 5,563 students and 336 teachers.

Source: Tennessee Department of Education.

Chattanooga State Technical Community College (the “CSTCC”) is located in Chattanooga, Tennessee. It was founded in 1965. The fall 2017 enrollment was 8,504 over 4 campuses: Downtown Chattanooga, East Chattanooga, Dayton, Kimball and Sequatchie Bledsoe. Chattanooga State provides comprehensive one and two-year occupational, college parallel, continuing education, and community service programs as well as quality technical and scientific occupational programs. The College serves Chattanooga and Hamilton, Bradley, Rhea, Sequatchie, Marion, Bledsoe, and Grundy counties.

Since 2007 CSTCC has invested more than \$2.3 million in technology curriculum updates and expansions to relate directly to automotive industry and suppliers, as well as energy and nuclear industries moving to the area. Volkswagen has completed construction on a \$1 billion plant in nearby Chattanooga that employs about 2,000 people. The large work force needed has the opportunity to be trained for Volkswagen in addition to the suppliers. The \$2.4 billion Wacker Polysilicon plant, which began production in early 2016, has located in nearby Bradley County, has three apprenticeship programs at CSTCC to help meet future employment needs. Chemical operator and mechanical and electrical/instrumentation apprentices will work one to two days a week at the plant in addition to their class work.

Source: Chattanooga State Technical Community College.

Cleveland State Community College is a comprehensive two-year community college that operates within the governance of the Tennessee Board of Regents. The college is located in Cleveland, Tennessee, just 30 miles northeast of Chattanooga. The fall of 2017 semester had an enrollment of 3,016 students. The college has offices and classrooms in Athens and Vonore. Cleveland State’s service area includes Bradley, Meigs, McMinn, Monroe, and Polk Counties.

Source: Cleveland State Community College and TN Higher Education Commission.

Lee University is a private, comprehensive Christian college operated by the Church of God located in Cleveland, Tennessee. Lee is a fully accredited liberal arts institution with bachelor degrees available in 40 majors in 80 programs of study and seven master’s degree programs. Lee is the second largest of Tennessee’s 35 accredited private colleges and universities. The University was founded in 1918 and had a fall 2017 enrollment of 5,386 students. Lee was named to the “top tier” of the 2015 “Best Colleges” edition of U.S. News & World Report, and was included for the third time in its “Up-and-Comers” list.

Source: Lee University.

University of Tennessee at Chattanooga Cleveland MBA Program. UTC's College of Business Administration offers the only AACSB accredited Master of Business Administration (MBA) program in the Cleveland area. Professors travel to Cleveland once a week. The MBA

program is designed to help potential as well as experienced managers improve their skills by learning in an application based teaching environment.

Source: University of Tennessee at Chattanooga.

The Tennessee College of Applied Technology at Athens. The Tennessee College of Applied Technology at Athens (the “TCAT-A”) is part of a statewide system of 26 vocational-technical schools. The TCAT-A meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-A serves the southeast region of the state including McMinn, Monroe, Bradley, Meigs, and Polk Counties. The TCAT-A began operations in 1963, and the main campus is located in McMinn County. Fall 2016 enrollment was 751 students.

Source: Tennessee Technology Center at Athens and TN Higher Education Commission.

HEALTHCARE

Tennova Healthcare (formerly SkyRidge Medical Center). Tennova Healthcare is a 351-bed, two campus, full service, regional medical center. Services include surgery, digestive care, senior services, behavioral health, women's services, emergency and pediatric care. The hospital has about 150 active physicians. Tennova Healthcare is affiliated with Community Health Systems (the “CHS”), which is one of the nation's leading operators of general acute care hospitals based in Brentwood, TN. The organization’s affiliates own, operate or lease 127 hospitals in 20 states with approximately 21,000 licensed beds. There are sixteen CHS hospitals in Tennessee.

Source: Community Health Systems.

MANUFACTURING AND COMMERCE

Bradley County has actively developed a healthy economic base comprised of a broad range of employers representing both the service and industrial sectors. The County is the location of a \$2.4 billion investment from Wacker Chemical Company for the solar energy market (see “RECENT DEVELOPMENTS” for more information).

There are two industrial parks. The Cleveland/Bradley County Industrial Park is located about 2.5 miles from I-75 and contains 330 acres with approximately 30 acres of land still available. A Norfolk/Southern mainline serves the park. The Hiwassee River Industrial Park is a 121-acre development located about an eighth of a mile off I-75 with 20 acres and all utilities available.

In 2011 the German automaker Volkswagen completed the \$1 billion plant in the Enterprise South industrial park located about 10 miles from Cleveland in Chattanooga. This \$1 billion plant is the largest single manufacturing investment ever for the City of Chattanooga. This is the first U.S. assembly plant for VW. A study by the University of Tennessee's Center for Business and Economic Research estimated the plant and suppliers will create new tax revenue of nearly \$1.4 billion and create 11,477 jobs. In addition to the plant, the City built a \$40 million Volkswagen Training Center in the City.

In 2012 construction was completed on the largest solar park in the state. The \$30 million, 9.5 megawatts park supplies power to the Volkswagen plant. Upon completion, the park provides up to 12.5 percent of the VW plant's power. The solar park is privately run by two companies, Phoenix Solar and Silicon Ranch Corp headquartered in Germany and Nashville, TN respectively.

As of early 2019, Volkswagen employs 3,500 people in Chattanooga and will have invested \$2.3 billion in the facility by the end of 2019. The Chattanooga plant produces the midsize Atlas SUV and Passat sedan and will begin building the Atlas Cross Sort, a five seat version of the model, in 2019. See "RECENT DEVELOPMENTS" for more current information on the plant.

Major Employers in the County

<u>Company</u>	<u>Product</u>	<u>Employees</u>
Whirlpool Corp Cleveland Div	Electric and Gas Ranges	1,435
Bradley County School System	Education	1,200
Tennova Healthcare-Cleveland	Healthcare	1,120
Amazon.com	Distribution	1,101
Peyton's Southeastern, Inc.	Kroger's Distributor	1,100
City of Cleveland	Government	1,013
Jackson Manufacturing	Upholstered Furniture	852
Wacker Polysilicon	Manufacturing	682
Cleveland City Schools	Education	664
Wal-Mart (Two Stores)	Retail	640
Bradley County	Government	620
Lee University	Education	593
Mars Chocolate	Candy	575
Merck & Co. Inc	Manufacturing	537
Cleveland Chair Company	Upholstered Chairs	525
Charleston Hosiery, Inc.	Hosiery	432
Whirlpool Consumer Care	Electric and Gas Ranges	376
Maytag Customer Service	Maytag Parts and Service	376
Rubbermaid Cleaning Products	Mops	375
Hardwick Clothes, Inc.	Men's and Women's Clothing	370
Duracell USA	Alkaline Batteries	350
Excel Inc.		350
Advanced Photographic Solutions	Photo Finishing	325
Johnston Coca-Cola Bottling Co.	Bottled Drinks	320
Brown Stove Works, Inc.	Electric Ranges	300
Olin Corporation	Chlorine, Calcium	280
Arch Chemicals, Inc.	Pool Chemicals	265
Flowers Bakery of Cleveland	Bakery Items	250
Eaton Electrical	Electrical Control Equipment	180
Georgia Pacific Corporation	Corrugated Paperboard Containers	170

Source: Bradley County's Audit, City of Cleveland's Audit, Cleveland Daily Banner and Knoxville News Sentinel - 2018.

EMPLOYMENT INFORMATION

For the month of October 2018, the unemployment rate for the Cleveland stood at 3.9% with 20,190 persons employed out of a labor force of 21,000. For the month of October 2018, the unemployment rate for the County stood at 3.8% with 49,050 persons employed out of a labor force of 50,970.

The Cleveland MSA's unemployment for October 2018 was at 3.8% with 56,190 persons employed out of a labor force of 58,430. As of October 2018, the unemployment rate in the Chattanooga-Cleveland-Athens CSA stood at 3.9%, representing 435,510 persons employed out of a workforce of 453,080.

	Unemployment				
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
National	7.4%	6.2%	5.3%	4.9%	4.4%
Tennessee	7.8%	6.6%	5.2%	4.7%	3.7%
Cleveland	7.8%	6.6%	5.7%	4.8%	3.7%
Index vs. National	105	106	108	98	84
Index vs. State	100	100	102	102	100
Bradley County	7.1%	6.1%	5.2%	4.4%	3.7%
Index vs. National	96	98	98	90	84
Index vs. State	91	92	93	94	100
Cleveland MSA	7.4%	6.3%	5.4%	4.6%	3.8%
Index vs. National	100	102	102	94	86
Index vs. State	95	95	96	98	103
Chattanooga-Cleveland- Athens CSA	7.6%	6.5%	6.3%	5.0%	4.0%
Index vs. National	103	105	119	102	91
Index vs. State	97	98	113	106	108

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

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ECONOMIC DATA

Per Capita Personal Income

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
National	\$44,826	\$47,025	\$48,940	\$49,831	\$51,640
Tennessee	\$39,549	\$40,977	\$42,810	\$43,932	\$45,517
Bradley County	\$35,108	\$36,068	\$37,403	\$37,643	\$38,766
Index vs. National	78	77	76	76	75
Index vs. State	89	88	87	86	85
Cleveland MSA	\$34,412	\$35,342	\$36,610	\$36,881	\$38,016
Index vs. National	77	75	75	74	74
Index vs. State	87	86	86	84	84
Chattanooga- Cleveland- Athens CSA	\$35,786	\$37,079	\$38,802	\$39,536	\$40,942
Index vs. National	80	79	79	79	79
Index vs. State	90	90	91	90	90

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Bradley County</u>	<u>Cleveland</u>
Median Value Owner Occupied Housing	\$193,500	\$151,700	\$150,100	\$159,200
% High School Graduates or Higher Persons 25 Years Old and Older	87.30%	86.50%	84.2%	84.3%
% Persons with Income Below Poverty Level	12.30%	15.00%	16.9%	22.0%
Median Household Income	\$57,652	\$48,708	\$46,381	\$41,570

Source: U.S. Census Bureau State & County QuickFacts - 2017.

TOURISM AND RECREATION

Cherokee National Forest (the "CNF"). The Cherokee National Forest is located in Eastern Tennessee and stretches from Polk, Monroe, Cocke, Greene, Unicoi, Carter and Johnson Counties along the North Carolina border. The headquarters is located in Cleveland in Bradley County. The 640,000-acre forest is the largest tract of public land in Tennessee. It lies in the

heart of the Southern Appalachian mountain range, one of the world's most diverse areas. These mountains are home to more than 20,000 species of plants and animals. There are the 650 miles of hiking trails and the 500 miles of streams for fishing. The area is the former homeland of the Cherokee Indians and is Tennessee's only National Forest. Over 1.2 million visitors came in 2017.

Source: USDA Forest Service and the Knoxville News Sentinel.

Red Clay State Historic Park. Red Clay State Historic Park is located in the extreme southwest corner of Bradley County in Tennessee, just above the Tennessee-Georgia state line. The park encompasses 263-acres of narrow valleys formerly used as cotton and pasture land. There are also forested ridges that average 200 feet or more above the valley floor. The site contains a natural landmark, the Blue Hole Spring, which arises from beneath a limestone ledge to form a deep pool that flows into Mill Creek, a tributary of the Conasauga and Coosa River system. The spring was used by the Cherokee for their water supply during council meetings. The park has a large picnic pavilion and an amphitheatre. The park also features the Cherokee Days of Recognition, an annual event featuring traditional Cherokee dance, food and arts.

Source: Tennessee State Parks.

The Ocoee River whitewater rafting facilities, with Class IV and V rapids, are located within a twenty-minute drive of Cleveland. Nearby is the Hiwassee River, Tennessee's first designated State Scenic River, offering tranquility for canoeists, fishermen, hikers and nature photographers.

RECENT DEVELOPMENTS

Amazon.com, Inc. Amazon.com, a large internet retail site, hired 50,000 workers over 10 fulfillment centers across the country in 2018, including the center in the nearby Bradley County. Besides warehouse workers, Amazon hired software engineers, data scientists and customer service workers. The number of full-time and part-time workers at Amazon has swelled from 56,000 at the end of 2011 to more than 610,000 worldwide in 2018. Amazon also announced in 2018 a \$13.7 billion deal to buy organic grocer Whole Foods; it added Sears' Kenmore appliances to its website; and it's rolling out its own ready-to-cook meal kits, competing with companies such as Blue Apron.

In 2015 Amazon created 150 more full-time jobs for the nearby Bradley County facility. In 2014 and in 2012 Amazon's retail distribution facility in Bradley County added about 100 more full-time jobs each time to expand the operation. The 1.2 million-square-foot facility that opened in late 2011 employs about 450 full-time workers, or about 200 more than originally planned. The center handles larger items than the company's nearby Hamilton County facility (which employees over 3,000 employees as of 2015). Amazon invested about \$139 million in both of the Bradley and Hamilton County sites. Amazon also has facilities in Rutherford and Wilson Counties that opened in 2013.

MARS CHOCOLATE NA. The Mars Wrigley Confectionery in Cleveland, which opened in the 1970's, makes more M&M'S than any other facility in the world. Parent Company MARS began construction in late 2018 on an expansion that'll support the launch of M&M'S Hazelnut Spread, which will also be made in Cleveland. In 2013 a \$60 million expansion was completed

for the candy, Pretzel M&Ms, which hired 50 new employees.

Volkswagen. In 2019 the German automaker announced an \$800 million project to build the company's first electric vehicle facility in North America, resulting in 1,000 additional jobs. It is expected that the first electric vehicle would be produced in Chattanooga in 2022. Volkswagen expects to sell 150,000 electric vehicles by 2020 and 1 million by 2025. In addition to Chattanooga, the company is also building an electric vehicle facility in Germany and China. As of early 2019, Volkswagen employs 3,500 people in Chattanooga and will have invested \$2.3 billion in the facility by the end of 2019.

Announced in 2014, Volkswagen invested an additional \$600 million to the \$1 billion plant already operational in the City of Chattanooga. This expansion is to produce a new sport utility vehicle called the CrossBlue and will create an additional 2,000 new jobs for the plant. It is expected to be in production by 2017. The plant's work force was 2,700 at the middle of 2014. Also, Volkswagen will build a new research and development center near the automotive plant that will employ 200. This large expansion comes a year after Volkswagen laid off 500 workers in 2013 due to slower than expected sales growth. In 2012 Volkswagen hired an additional 800 employees for the production of the Passat sedan.

Wacker Polysilicon. The German chemical company, Wacker Polysilicon, has a facility in Bradley County to make hyperpure polycrystalline silicon to be used mainly in the solar energy industry. The plant was built on a 550-acre site near Hiwassee Industrial Park in Cleveland. The \$2.4 billion plant, with an initial \$1 billion investment in 2009, was opened in April 2016 with 600 employees with plans to hire about 50 more in the future. A second \$150 million pyrogenic silica plant was proposed in 2016 to be built at the site. The plant uses chlorine supplied by the adjacent Olin Chemical through a pipeline that connects the plants. Wacker has graduated several lead chemical operator and technicians from its Wacker Institute at the Chattanooga State Community College since the program started in 2013.

Polysilicon is the raw material used in the production of solar power panels. A byproduct of its manufacture is tetrachlorosilane, which either is converted and fed back into the production loop or processed into pyrogenic silica. The plant produces 20,000 tons per year of hyperpure polysilicon. Pyrogenic silica is a filler in silicone elastomer and a viscosity-adjusting agent in coatings, printing inks and adhesives. It also serves as a flow aid in the cosmetics, pharmaceutical and food-processing industries.

There are several solar-related plants planned or already located in Tennessee: the solar panel manufacturer Sharp in Memphis; AGC Flat Glass, a solar glass manufacturer with plants in Sullivan and Hawkins Counties, and Wacker Polysilicon.

Source: The Cleveland Banner, Chattanooga Times Free Press and Knoxville News Sentinel.

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CITY OF CLEVELAND, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS
GENERAL OBLIGATION BONDED DEBT

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	As of June 30 2018 (1) and (7) OUTSTANDING
\$ 1,812,700	Loan Agreement, Series 2008 (TMBF)	May 2028	Variable	(3) \$ 1,132,000
28,875,000	(4) General Obligation Refunding Bonds, Series 2009C	June 2031	Fixed	20,970,000
28,150,000	(5) General Obligation Refunding Bonds, Series 2009D	June 2028	Fixed	13,880,000
4,160,000	Loan Agreement, Series 2009 (QSCB)	2026	Fixed	4,160,000
1,006,000	Loan Agreement, Series 2012 (TMBF)	May 2027	Variable	(3) 673,000
1,710,200	Loan Agreement, Series 2012 (TMBF)	April 2032	Variable	(3) 1,277,000
1,509,000	Loan Agreement, Series 2012 (TMBF)	May 2027	Variable	(3) 1,009,000
6,000,000	Loan Agreement, Series 2012 (TMBF) (Taxable)	May 2028	Variable	(3) 4,376,000
21,206,480	Loan Agreement, Series 2014A (TMBF)	2030	Variable	(3) 20,931,000
4,300,000	Loan Agreement, Series 2014 (TMBF) (Airport)	2034	Variable	(3) 3,606,000
8,420,000	Loan Agreement, Series 2015 (TMBF)	Jun. 2024	Variable	(3) 6,173,000
5,734,200	Loan Agreement, Series 2015 (TMBF)	2036	Variable	(3) 5,188,000
1,000,000	Loan Agreement, Series 2015 (TMBF) (Jetport)	2036	Variable	(3) 954,000
4,587,360	Loan Agreement, Series 2016A (TMBF)	Jun 2036	Variable	(3) 4,009,000
5,200,000	Loan Agreement, Series 2017 (TMBF)	Sept. 2036	Variable	(3) 5,009,000
481,856	Loan Agreement, Series 2017 (TMBF)	2019	Fixed	243,902
3,000,000	Loan Agreement, Series 2017 (TMBF)	Aug. 2037	Fixed	3,000,000
8,222,294	(6) Lease Agreement, Series 2018	Feb 2038	Fixed	8,222,294
8,750,000	(2) General Obligation Bonds, Series 2010 (BABs)	June 2031	Fixed	5,855,000
3,750,000	(2) Loan Agreement, Series 2012 (TMBF)	May 2032	Variable	(3) 2,625,000
6,375,000	(2) Loan Agreement, Series 2014 (TMBF)	2034	Variable	(3) 5,100,000
8,835,000	(2) Loan Agreement, Series 2014 (TMBF)	2028	Fixed	5,060,000
3,000,000	(2) Loan Agreement, Series 2014A (TMBF)	2030	Variable	(3) 2,593,000
2,750,000	(2) Loan Agreement, Series 2014A (TMBF)	2035	Variable	(3) 2,377,000
2,500,000	(2) Loan Agreement (SRF Loan)	2035	Fixed	1,774,110
2,325,000	(2) Loan Agreement (SRF Loan)	2034	Fixed	2,120,292
7,484,640	(2) Loan Agreement, Series 2016B (TMBF)	Jun 2036	Variable	(3) 7,005,000
815,400	(2) Loan Agreement, Series SRF	Jan 2031	Fixed	552,265
1,826,000	(2) Loan Agreement, Series SRF 13-319	Jun 2035	Fixed	1,292,812
8,174,000	(2) Loan Agreement, Series SRF 13-320	Jun 2035	Fixed	8,174,000
3,725,000	(2) Loan Agreement, DWF 16-172	Jun 2037	Fixed	2,791,866
103,297	(2) Loan Agreement, Series CG3 17-379	Jun 2037	Fixed	98,461
800,000	(2) & (7) Loan Agreement, Series DWF 2017-192	Jun 2037	Fixed	800,000
195,000	(2) & (7) Loan Agreement, Series DWF 2017-193	Jun 2037	Fixed	195,000
430,000	(2) & (7) Loan Agreement, Series DWF 18-205 - Issued Post 7-1-2018	Jun 2038	Fixed	430,000
10,000,000	(2) & (7) Loan Agreement, Series SRF 18-417 - Issued Post 7-1-2018	2039	Fixed	10,000,000
900,000	(2) & (7) Loan Agreement, Series SRF 18-415 - Issued Post 7-1-2018	2039	Fixed	900,000
350,500	(2) & (7) Loan Agreement, Series SRF 18-415 - Issued Post 7-1-2018	2039	Fixed	350,500
9,885,000	(7) General Obligation Bonds, Series 2018 - Issued 7-24-2018	2038	Fixed	9,885,000
5,720,000	(2) & (8) General Obligation Bonds, Series 2018B - Issued 12-7-2018	2039	Fixed	5,720,000
\$ 224,068,927	TOTAL GENERAL OBLIGATION BONDED DEBT			\$180,512,502
\$ 48,700,000	(2) & (9) General Obligation Refunding Bonds, Series 2019	2039	Fixed	\$ 48,700,000
(82,531,480)	Less: Bonds Being Refunded or Maturing this Fiscal Year			(56,440,000)
(99,903,337)	Less: Revenue-Supported Debt			(81,649,306)
\$ 90,334,110	NET BONDED DEBT			\$ 91,123,196

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report" included herein.

(2) Revenue-supported bonds.

(3) The City budgets to account for interest rate and/or basis risk.

(4) \$3,420,000 supported by water revenues and \$3,875,000 supported by sewer revenues.

(5) \$5,130,000 supported by water revenues and \$1,605,000 supported by sewer revenues and \$3,175,000 supported by electric revenues.

(6) Payable from the General Purpose School Fund from energy savings.

(7) The Loan Agreement, Series DWF 18-205 and the Loan Agreement, Series SRF 2018-417 and the Loan Agreement, Series 2018-415A and Loan Agreement, Series 2018-415B and the General Obligation Bonds, Series 2018, dated July 24, 2018 and the General Obligation Bonds, Series 2018B, dated December 7, 2018 and the Equipment Lease, Series 2018 (Schools) issued post July 1, 2018 were issued after June 30, 2018 but are included above.

(8) \$3,335,000 supported by water revenues and \$2,385,000 supported by electric revenues.

(9) \$11,315,000 supported by water and sewer revenues and \$2,500,000 supported by electric revenues.

CITY OF CLEVELAND, TENNESSEE

Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

INDEBTEDNESS	For the Fiscal Year Ended June 30					Issuance Post
	2014	2015	2016	2017	2018	July 1, 2018
TAX SUPPORTED						
General Obligation Bonds & Notes	\$ 78,809,463	\$ 79,170,131	\$ 79,374,040	\$ 81,042,736	\$ 87,608,196	\$ 91,123,196
TOTAL TAX SUPPORTED	<u>78,809,463</u>	<u>79,170,131</u>	<u>79,374,040</u>	<u>81,042,736</u>	<u>87,608,196</u>	<u>91,123,196</u>
REVENUE SUPPORTED						
Water & Sewer Revenue Bonds & Notes	\$ 55,678,257	\$ 59,556,005	\$ 55,506,039	\$ 51,169,595	\$ 52,113,255	\$ 65,978,755
Electric Revenue Bonds & Notes	15,475,000	17,083,750	15,829,783	14,632,371	13,505,551	15,670,551
TOTAL REVENUE SUPPORTED	<u>71,153,257</u>	<u>76,639,755</u>	<u>71,335,822</u>	<u>65,801,966</u>	<u>65,618,806</u>	<u>81,649,306</u>
TOTAL DEBT	\$149,962,720	\$155,809,886	\$150,709,862	\$146,844,702	\$153,227,002	\$172,772,502
Less: Revenue Supported Debt	(\$71,153,257)	(\$76,639,755)	(\$71,335,822)	(\$65,801,966)	(\$65,618,806)	(\$81,649,306)
Less: Debt Service Fund	<u>(3,396,541)</u>	<u>(3,761,984)</u>	<u>(4,360,310)</u>	<u>(4,443,067)</u>	<u>(4,443,067)</u>	<u>(4,443,067)</u>
NET DIRECT DEBT	\$75,412,922	\$75,408,147	\$75,013,730	\$76,599,669	\$83,165,129	\$86,680,129
OVERLAPPING DEBT (1)	<u>36,746,388</u>	<u>35,255,079</u>	<u>32,989,714</u>	<u>39,095,531</u>	<u>36,384,189</u>	<u>36,384,189</u>
NET DIRECT & OVERLAPPING DEBT	<u>\$112,159,310</u>	<u>\$110,663,226</u>	<u>\$108,003,444</u>	<u>\$115,695,200</u>	<u>\$119,549,318</u>	<u>\$123,064,318</u>
PROPERTY TAX BASE						
Estimated Actual Value	\$3,400,876,769	\$3,510,582,458	\$3,773,494,258	\$3,842,467,535	\$4,044,816,246	\$4,044,816,246
Appraised Value	3,400,876,769	3,510,582,458	3,550,103,398	3,614,993,457	4,044,816,246	4,044,816,246
Assessed Value	1,068,378,950	1,107,356,809	1,117,569,025	1,143,801,031	1,277,052,569	1,277,052,569

(1) OVERLAPPING DEBT Includes the City's share of Bradley County's Net Direct Debt.

DEBT RATIOS	For the Fiscal Year Ended June 30					Issuance Post
	2014	2015	2016	2017	2018	July 1, 2018
TOTAL DEBT to Estimated Actual Value	4.41%	4.44%	3.99%	3.82%	3.79%	4.27%
TOTAL DEBT to Appraised Value	4.41%	4.44%	4.25%	4.06%	3.79%	4.27%
TOTAL DEBT to Assessed Value	14.04%	14.07%	13.49%	12.84%	12.00%	13.53%
NET DIRECT DEBT to Estimated Actual Value	7.06%	6.81%	6.71%	6.70%	6.51%	6.79%
NET DIRECT DEBT to Appraised Value	2.22%	2.15%	2.11%	2.12%	2.06%	2.14%
NET DIRECT DEBT to Assessed Value	7.06%	6.81%	6.71%	6.70%	6.51%	6.79%
OVERLAPPING DEBT to Estimated Actual Value	1.08%	1.00%	0.87%	1.02%	0.90%	0.90%
OVERLAPPING DEBT to Appraised value	1.08%	1.00%	0.93%	1.08%	0.90%	0.90%
OVERLAPPING DEBT to Assessed Value	3.44%	3.18%	2.95%	3.42%	2.85%	2.85%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	3.30%	3.15%	2.86%	3.01%	2.96%	3.04%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	3.30%	3.15%	3.04%	3.20%	2.96%	3.04%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	10.50%	9.99%	9.66%	10.11%	9.36%	9.64%
PER CAPITA RATIOS						
POPULATION (1)	42,744	43,898	44,271	44,483	44,483	44,483
PER CAPITA PERSONAL INCOME (2)	\$36,068	\$37,403	\$37,643	\$38,766	\$38,766	\$38,766
Estimated Actual Value to POPULATION	79,563.84	79,971.35	85,236.26	86,380.58	90,929.48	90,929.48
Assessed Value to POPULATION	24,994.83	25,225.68	25,243.82	25,713.22	28,708.78	28,708.78
Total Debt to POPULATION	3,508.39	3,549.36	3,404.26	3,301.14	3,444.62	3,884.01
Net Direct Debt to POPULATION	1,764.29	1,717.80	1,694.42	1,722.00	1,869.59	1,948.61
Overlapping Debt to POPULATION	859.69	803.11	745.18	878.89	817.93	817.93
Net Direct & Overlapping Debt to POPULATION	2,623.98	2,520.92	2,439.60	2,600.89	2,687.53	2,766.55
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	9.73%	9.49%	9.04%	8.52%	8.89%	10.02%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	4.89%	4.59%	4.50%	4.44%	4.82%	5.03%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	2.38%	2.15%	1.98%	2.27%	2.11%	2.11%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	7.28%	6.74%	6.48%	6.71%	6.93%	7.14%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

CITY OF CLEVELAND, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
 General Obligation City and School Debt - Excludes Revenue Supported Det

F.Y. Ended	Existing General Obligation Debt As of June 30, 2018 (4)					Less: Bonds and Loans Being Refunded			General Obligation Refunding Bonds, Series 2019			% 2019 Principal Repaid	Total Bonded Debt Service Requirements (1)					% All Principal Repaid
	Principal	Sinking Fund Deposits	Sinking Fund Payment	Interest (2)	TOTAL	Principal	Interest (3)	TOTAL	Principal	Interest (3)	TOTAL		Principal	Sinking Fund Deposits	Sinking Fund Payment	Interest (2)	TOTAL	
2019	\$ 5,631,137	\$ 259,572	\$ -	\$ 3,070,647	\$ 8,701,784	\$ (1,164,000)	\$ (656,318)	\$ (1,820,318)	\$ -	\$ -	\$ -	0.00%	\$ 4,467,137	\$ 259,572	\$ -	\$ 2,414,329	\$ 7,141,038	5.31%
2020	5,517,736	259,572	-	3,294,478	8,812,214	(2,208,000)	(1,283,179)	(3,491,179)	1,605,000	1,977,399	3,582,399		4,914,736	259,572	-	3,988,698	9,163,006	
2021	5,718,537	259,572	-	3,102,631	8,821,167	(2,292,000)	(1,214,900)	(3,506,900)	1,920,000	1,576,700	3,496,700		5,346,537	259,572	-	3,464,431	9,070,540	
2022	5,857,646	259,572	-	2,901,193	8,758,839	(2,304,000)	(1,141,250)	(3,445,250)	1,945,000	1,480,075	3,425,075		5,498,646	259,572	-	3,240,018	8,998,236	
2023	6,056,075	259,572	-	2,695,279	8,751,354	(2,393,000)	(1,067,441)	(3,460,441)	1,840,000	1,385,450	3,225,450	20.95%	5,503,075	259,572	-	3,013,288	8,775,935	30.34%
2024	6,335,832	259,572	-	2,482,287	8,818,119	(2,546,000)	(990,720)	(3,536,720)	1,915,000	1,291,575	3,206,575		5,704,832	259,572	-	2,783,141	8,747,546	
2025	5,570,929	259,572	-	2,259,193	7,830,122	(2,821,000)	(910,898)	(3,731,898)	3,180,000	1,164,200	4,344,200		5,929,929	259,572	-	2,512,495	8,701,997	
2026	8,749,376	285,132	-	2,050,781	10,800,157	(5,916,000)	(835,340)	(6,751,340)	3,300,000	1,002,200	4,302,200		6,133,376	285,132	-	2,217,641	8,636,149	
2027	12,823,184	24,471	(4,160,000)	1,649,370	14,472,554	(5,722,000)	(635,901)	(6,357,901)	3,765,000	825,575	4,590,575		10,866,184	24,471	(4,160,000)	1,839,045	8,569,699	
2028	5,602,364	-	-	1,300,230	6,902,594	(3,133,000)	(441,515)	(3,574,515)	3,630,000	640,700	4,270,700	66.22%	6,099,364	-	-	1,499,415	7,598,779	65.59%
2029	4,770,928	-	-	1,078,913	5,849,841	(2,904,000)	(356,046)	(3,260,046)	4,030,000	449,200	4,479,200		5,896,928	-	-	1,172,067	7,068,995	
2030	4,675,889	-	-	891,508	5,567,397	(2,752,000)	(281,105)	(3,033,105)	3,825,000	252,825	4,077,825		5,748,889	-	-	863,228	6,612,117	
2031	6,278,259	-	-	713,024	6,991,282	(4,302,000)	(209,970)	(4,511,970)	3,195,000	93,300	3,288,300		5,171,259	-	-	596,354	5,767,612	
2032	2,298,050	-	-	450,654	2,748,703	(259,000)	(21,067)	(280,067)	240,000	24,600	264,600		2,279,050	-	-	454,186	2,733,236	
2033	2,253,276	-	-	368,645	2,621,920	(266,000)	(14,230)	(280,230)	250,000	14,800	264,800	99.30%	2,237,276	-	-	369,215	2,606,491	89.53%
2034	2,304,951	-	-	293,842	2,598,792	(273,000)	(7,207)	(280,207)	245,000	4,900	249,900	100.00%	2,276,951	-	-	291,534	2,568,485	
2035	2,098,088	-	-	217,412	2,315,500	-	-	-	-	-	-		2,098,088	-	-	217,412	2,315,500	
2036	1,815,703	-	-	149,505	1,965,208	-	-	-	-	-	-		1,815,703	-	-	149,505	1,965,208	
2037	1,706,811	-	-	92,881	1,799,692	-	-	-	-	-	-		1,706,811	-	-	92,881	1,799,692	
2038	1,428,426	-	-	43,162	1,471,588	-	-	-	-	-	-		1,428,426	-	-	43,162	1,471,588	100.00%
	<u>\$ 97,493,196</u>	<u>\$ 2,126,607</u>	<u>\$ (4,160,000)</u>	<u>\$ 29,105,632</u>	<u>\$ 126,598,828</u>	<u>\$ (41,255,000)</u>	<u>\$ (10,067,085)</u>	<u>\$ (51,322,085)</u>	<u>\$ 34,885,000</u>	<u>\$ 12,183,499</u>	<u>\$ 47,068,499</u>		<u>\$ 91,123,196</u>	<u>\$ 2,126,607</u>	<u>\$ (4,160,000)</u>	<u>\$ 31,222,047</u>	<u>\$ 120,311,850</u>	

NOTES:

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report" included herein.
- (2) The City budgets to account for interest rate and/or basis risk.
- (3) Estimated Interest Rates. Estimated Average Coupon 4.845%.
- (4) Includes the General Obligation Bonds, Series 2018, dated July 24, 2018 and Equipment Lease, Series 2018 (Schools) issued post July 1, 2018.

CITY OF CLEVELAND, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
 Water and Sewer System

F.Y. Ended	Existing Water and Sewer Debt As of June 30, 2018 (1) and (2)					Less Refunded: Bonds / Loans			General Obligation Refunding Bonds, Series 2019			% 2019 Principal Repaid	Total Bonded Debt Service Requirements (1) and (2)					% All Principal Repaid
	Estimated					Principal	Interest (2)	TOTAL	Principal	Interest (3)	TOTAL		Principal	Interest	Estimated			
	Principal	Interest	Treasury	Sequester	TOTAL										Treasury	Sequester	TOTAL	
2019	\$ 4,018,440	\$ 1,755,869	\$ (27,796)	\$ 2,418	\$ 5,748,931	\$ -	\$ (249,941)	\$ (249,941)	\$ -	\$ -	\$ -	0.00%	\$ 4,018,440	\$ 1,505,929	\$ (27,796)	\$ 2,418	\$ 5,498,991	6.09%
2020	4,651,929	1,703,395	(26,466)	2,303	6,331,160	(1,855,000)	(499,881)	(2,354,881)	1,545,000	630,846	2,175,846		4,341,929	1,834,359	(26,466)	2,303	6,152,125	
2021	4,756,573	1,561,297	(24,996)	2,175	6,295,049	(1,925,000)	(430,319)	(2,355,319)	1,820,000	443,000	2,263,000		4,651,573	1,573,978	(24,996)	2,175	6,202,730	
2022	4,845,283	1,410,789	(23,437)	2,039	6,234,675	(1,975,000)	(353,319)	(2,328,319)	1,885,000	350,375	2,235,375		4,755,283	1,407,845	(23,437)	2,039	6,141,731	
2023	4,578,879	1,256,997	(21,801)	1,897	5,815,972	(1,665,000)	(274,319)	(1,939,319)	1,580,000	263,750	1,843,750	60.36%	4,493,879	1,246,428	(21,801)	1,897	5,720,403	33.74%
2024	4,158,158	1,116,763	(20,010)	1,741	5,256,652	(1,200,000)	(207,719)	(1,407,719)	1,035,000	198,375	1,233,375		3,993,158	1,107,419	(20,010)	1,741	5,082,308	
2025	3,968,312	992,266	(18,057)	1,571	4,944,092	(970,000)	(158,219)	(1,128,219)	865,000	150,875	1,015,875		3,863,312	984,922	(18,057)	1,571	4,831,749	
2026	3,972,344	877,241	(15,935)	1,386	4,835,036	(1,040,000)	(119,419)	(1,159,419)	940,000	105,750	1,045,750		3,872,344	863,572	(15,935)	1,386	4,721,368	
2027	3,948,253	758,837	(13,660)	1,188	4,694,619	(985,000)	(77,819)	(1,062,819)	890,000	60,000	950,000		3,853,253	741,019	(13,660)	1,188	4,581,801	
2028	3,850,487	640,378	(11,226)	977	4,480,616	(850,000)	(37,188)	(887,188)	755,000	18,875	773,875	100.00%	3,755,487	622,066	(11,226)	977	4,367,303	63.05%
2029	3,041,208	524,084	(8,629)	751	3,557,414	-	-	-	-	-	-		3,041,208	524,084	(8,629)	751	3,557,414	
2030	2,684,006	450,637	(5,959)	518	3,129,203	-	-	-	-	-	-		2,684,006	450,637	(5,959)	518	3,129,203	
2031	2,718,847	382,453	(3,019)	263	3,098,543	-	-	-	-	-	-		2,718,847	382,453	(3,019)	263	3,098,543	
2032	2,571,279	314,985	-	-	2,886,265	-	-	-	-	-	-		2,571,279	314,985	-	-	2,886,265	
2033	2,421,409	255,696	-	-	2,677,105	-	-	-	-	-	-		2,421,409	255,696	-	-	2,677,105	83.41%
2034	2,459,391	202,968	-	-	2,662,359	-	-	-	-	-	-		2,459,391	202,968	-	-	2,662,359	
2035	2,359,574	149,311	-	-	2,508,885	-	-	-	-	-	-		2,359,574	149,311	-	-	2,508,885	
2036	2,165,828	101,856	-	-	2,267,684	-	-	-	-	-	-		2,165,828	101,856	-	-	2,267,684	
2037	1,593,821	60,487	-	-	1,654,308	-	-	-	-	-	-		1,593,821	60,487	-	-	1,654,308	
2038	1,473,861	33,402	-	-	1,507,262	-	-	-	-	-	-		1,473,861	33,402	-	-	1,507,262	98.65%
2039	890,871	10,456	-	-	901,327	-	-	-	-	-	-		890,871	10,456	-	-	901,327	100.00%
	<u>\$ 67,128,755</u>	<u>\$ 14,560,166</u>	<u>\$ (220,989)</u>	<u>\$ 19,226</u>	<u>\$ 81,487,157</u>	<u>\$ (12,465,000)</u>	<u>\$ (2,408,141)</u>	<u>\$ (14,873,141)</u>	<u>\$ 11,315,000</u>	<u>\$ 2,221,846</u>	<u>\$ 13,536,846</u>		<u>\$ 65,978,755</u>	<u>\$ 14,373,871</u>	<u>\$ (220,989)</u>	<u>\$ 19,226</u>	<u>\$ 80,150,863</u>	

NOTES:

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report" included herein.
- (2) The Loan Agreement, Series DWF 18-205 and the Loan Agreement, Series SRF 2018-417 and the Loan Agreement, Series 2018-415A and Loan Agreement, Series 2018-415B and the general Obligation Bonds, Series 2018B, dated December 7, 2018, were issued after June 30, 2018 but are included in the Existing Water and Sewer calculations
- (3) Estimated Interest Rates. Estimated Average Coupon 5.00%.

CITY OF CLEVELAND, TENNESSEE
BONDED DEBT SERVICE REQUIREMENTS
 Electric Division

F.Y. Ended	Existing Electric System Debt As of June 30, 2018					General Obligation Refunding Bonds, Series 2019			Principal Repaid	Less Refunded: Bonds / Loans			Total Bonded Debt Service Requirements (1)					Principal Repaid
	June 30	Principal	Interest	Treasury Rebate	Sequester	TOTAL	Principal	Interest (2)		TOTAL	Principal	Interest	TOTAL	Principal	Interest	Treasury Rebate	Sequester	
2019	\$ 1,119,003	\$ 613,509	\$ (70,866)	\$ 6,165	\$ 1,667,811	\$ -	\$ -	\$ -	0.00%	\$ -	\$ (55,094)	\$ (55,094)	\$ 1,119,003	\$ 558,416	\$ (70,866)	\$ 6,165	\$ 1,612,718	7.14%
2020	1,203,422	623,508	(66,544)	5,789	1,766,176	395,000	138,042	533,042		(450,000)	(110,188)	(560,188)	1,148,422	651,363	(66,544)	5,789	1,739,030	
2021	1,230,605	576,114	(61,994)	5,393	1,750,119	445,000	94,125	539,125		(470,000)	(93,313)	(563,313)	1,205,605	576,927	(61,994)	5,393	1,725,932	
2022	1,169,971	526,303	(57,387)	4,993	1,643,879	375,000	73,625	448,625		(400,000)	(74,513)	(474,513)	1,144,971	525,415	(57,387)	4,993	1,617,992	
2023	1,172,745	478,240	(52,553)	4,572	1,603,004	375,000	54,875	429,875	63.60%	(395,000)	(58,513)	(453,513)	1,152,745	474,602	(52,553)	4,572	1,579,367	36.83%
2024	1,192,110	431,178	(47,491)	4,132	1,579,929	395,000	35,625	430,625		(410,000)	(42,713)	(452,713)	1,177,110	424,090	(47,491)	4,132	1,557,841	
2025	1,209,885	381,690	(42,201)	3,672	1,553,045	405,000	15,625	420,625		(420,000)	(25,288)	(445,288)	1,194,885	372,027	(42,201)	3,672	1,528,383	
2026	860,057	330,878	(36,684)	3,192	1,157,442	55,000	4,125	59,125		(75,000)	(7,438)	(82,438)	840,057	327,565	(36,684)	3,192	1,134,130	
2027	842,648	292,382	(30,997)	2,697	1,106,730	30,000	2,000	32,000		(50,000)	(4,250)	(54,250)	822,648	290,132	(30,997)	2,697	1,084,480	
2028	849,239	254,117	(25,139)	2,187	1,080,404	25,000	625	25,625	100.00%	(50,000)	(2,125)	(52,125)	824,239	252,617	(25,139)	2,187	1,053,904	67.83%
2029	808,605	215,052	(19,110)	1,663	1,006,209	-	-	-		-	-	-	808,605	215,052	(19,110)	1,663	1,006,209	
2030	816,196	177,220	(12,911)	1,123	981,628	-	-	-		-	-	-	816,196	177,220	(12,911)	1,123	981,628	
2031	825,153	138,555	(6,541)	569	957,736	-	-	-		-	-	-	825,153	138,555	(6,541)	569	957,736	
2032	507,745	100,267	-	-	608,012	-	-	-		-	-	-	507,745	100,267	-	-	608,012	
2033	515,336	80,367	-	-	595,703	-	-	-		-	-	-	515,336	80,367	-	-	595,703	90.00%
2034	521,928	60,173	-	-	582,101	-	-	-		-	-	-	521,928	60,173	-	-	582,101	
2035	348,860	39,716	-	-	388,576	-	-	-		-	-	-	348,860	39,716	-	-	388,576	
2036	202,043	27,434	-	-	229,477	-	-	-		-	-	-	202,043	27,434	-	-	229,477	
2037	160,000	19,800	-	-	179,800	-	-	-		-	-	-	160,000	19,800	-	-	179,800	
2038	165,000	13,400	-	-	178,400	-	-	-		-	-	-	165,000	13,400	-	-	178,400	98.92%
2039	170,000	6,800	-	-	176,800	-	-	-		-	-	-	170,000	6,800	-	-	176,800	100.00%
	<u>\$ 15,890,551</u>	<u>\$ 5,386,703</u>	<u>\$ (530,416)</u>	<u>\$ 46,146</u>	<u>\$ 20,792,983</u>	<u>\$ 2,500,000</u>	<u>\$ 418,667</u>	<u>\$ 2,918,667</u>		<u>\$ (2,720,000)</u>	<u>\$ (473,431)</u>	<u>\$ (3,193,431)</u>	<u>\$ 15,670,551</u>	<u>\$ 5,331,938</u>	<u>\$ (530,416)</u>	<u>\$ 46,146</u>	<u>\$ 20,518,219</u>	

NOTES:

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report" included herein.
- (2) Estimated Interest Rates. Estimated Average Coupon 4.845%.

FINANCIAL INFORMATION

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The following table depicts fund balances, net assets and retained earnings for the last five fiscal years ending June 30:

For the Fiscal Year Ended June 30

<u>Fund Type</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>Governmental Funds:</i>					
General	\$12,812,055	\$ 9,724,807	\$10,847,062	\$11,787,496	\$14,237,095
School	2,685,064	3,853,679	4,871,018	4,991,937	8,795,267
Capital Improvements	194,762	2,651,440	3,495,179	4,250,356	907,928
Other	<u>10,096,154</u>	<u>11,088,739</u>	<u>11,642,804</u>	<u>12,545,487</u>	<u>14,138,281</u>
Totals	<u>\$25,788,035</u>	<u>\$27,318,665</u>	<u>\$30,856,063</u>	<u>\$33,575,276</u>	<u>\$38,078,571</u>
<i>Proprietary Net Assets:</i>					
Enterprise	\$132,937,030	\$122,734,520	\$128,904,071	\$132,241,695	\$141,018,796

Source: Comprehensive Annual Financial Report and Auditor's Report, City of Cleveland, Tennessee.

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CITY OF CLEVELAND, TENNESSEE
Five Year Summary of Revenues, Expenditures and
Changes In Fund Balances - General Fund
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
Taxes	\$ 31,707,721	\$ 32,696,564	\$ 33,197,149	\$ 33,953,720	\$ 40,287,509
Licenses and permits	353,841	492,000	490,234	628,772	712,300
Intergovernmental	4,897,695	6,618,267	5,682,539	5,217,151	5,371,161
Fines and forfeitures	505,798	649,800	535,319	475,083	523,469
Charges for services	1,505,901	1,731,575	1,562,200	1,050,909	1,399,470
Interest	7,561	11,414	28,874	67,987	161,426
Miscellaneous	187,621	272,082	171,837	500,962	188,316
Total Revenues	\$ 39,166,138	\$ 42,471,702	\$ 41,668,152	\$ 41,894,584	\$ 48,643,651
Expenditures:					
General government	\$ 2,326,824	\$ 2,455,194	\$ 2,826,686	\$ 3,009,050	\$ 3,323,386
Engineering & Inspection	1,119,329	1,202,401	1,592,011	1,623,291	1,445,251
Public safety	16,538,274	16,912,756	17,513,834	17,901,458	18,591,880
Public works	4,395,025	4,580,836	4,331,397	3,543,754	4,256,146
Health and welfare	566,625	483,389	501,236	521,479	542,897
Culture and recreation	2,835,794	2,848,716	2,689,559	2,907,273	2,953,206
Education	-	-	-	-	-
Appropriations	1,185,501	1,091,983	1,098,651	1,192,403	1,304,181
Debt service:					
Principal	41,253	79,444	77,548	34,991	36,163
Interest	2,560	1,742	3,639	2,384	1,212
Total expenditures	\$ 29,011,185	\$ 29,656,461	\$ 30,634,561	\$ 30,736,083	\$ 32,454,322
Excess (deficiency) of revenues over expenditures					
Other financing sources (uses)	\$ 10,154,953	\$ 12,815,241	\$ 11,033,591	\$ 11,158,501	\$ 16,189,329
Operating transfers In	2,325,593	2,286,162	2,390,243	2,436,262	3,120,516
Operating transfers out	(12,137,345)	(18,330,832)	(12,301,579)	(12,893,126)	(16,860,246)
Capital Lease	-	142,181	-	-	-
Total other sources (uses)	\$ (9,811,752)	\$ (15,902,489)	\$ (9,911,336)	\$ (10,456,864)	\$ (13,739,730)
Net Change in Fund Balances	\$ 343,201	\$ (3,087,248)	\$ 1,122,255	\$ 701,637	\$ 2,449,599
Fund Balance July 1	12,392,086	12,812,055	9,724,807	10,847,062	11,548,699
Prior Period Adjustment	76,768	-	-	-	238,797
Fund Balance June 30	\$ 12,812,055	\$ 9,724,807	\$ 10,847,062	\$ 11,548,699	\$ 14,237,095

Source: Comprehensive Annual Financial Report for the City of Cleveland, Tennessee

CITY OF CLEVELAND, TENNESSEE
Five Year Summary of Revenues, Expenditures and
Changes In Retained Earnings - Cleveland Utilities
(Water And Sewer & Electric Divisions)
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Revenues:					
Charges for Services	\$ 119,143,347	\$ 121,249,862	\$ 121,265,689	\$ 127,729,225	\$ 127,446,207
Other Operating Revenues	3,338,911	3,554,993	3,752,857	3,776,588	3,921,615
Total Operating Revenues	<u>\$ 122,482,258</u>	<u>\$ 124,804,855</u>	<u>\$ 125,018,546</u>	<u>\$ 131,505,813</u>	<u>\$ 131,367,822</u>
Operating Expenses:					
Purchased Power	\$ 80,959,336	\$ 81,846,712	\$ 77,822,947	\$ 80,105,707	\$ 79,078,347
Operating Expense	20,283,041	19,334,785	21,796,320	21,730,739	22,716,638
Maintenance Expense	5,612,518	5,779,604	5,948,778	6,139,945	6,642,959
Depreciation	8,967,413	9,850,195	10,313,230	10,501,088	10,604,337
Total Operating Expenses	<u>\$ 115,822,308</u>	<u>\$ 116,811,296</u>	<u>\$ 115,881,275</u>	<u>\$ 118,477,479</u>	<u>\$ 119,042,281</u>
Net Operating Income (Loss)	\$ 6,659,950	\$ 7,993,559	\$ 9,137,271	\$ 13,028,334	\$ 12,325,541
Other Revenue (Expenses):					
Interest Income	\$ 65,171	\$ 82,174	\$ 104,729	\$ 185,698	\$ 399,322
Interest Expense	(2,171,406)	(2,001,307)	(2,013,133)	(1,923,059)	(1,913,478)
Loss of Sale on Land	-	-	-	-	-
Other Income	48,977	40,297	46,659	55,996	99,404
Gain on sale of Assets	-	-	-	-	-
Plant cost recovered through contribution in aid of construction	(148,231)	(182,407)	(303,134)	(330,463)	(140,664)
Contribution in aid of construction	-	-	-	-	-
Total Other Revenue	<u>\$ (2,205,489)</u>	<u>\$ (2,061,243)</u>	<u>\$ (2,164,879)</u>	<u>\$ (2,011,828)</u>	<u>\$ (1,555,416)</u>
Net Income (Loss)	\$ 4,454,461	\$ 5,932,316	\$ 6,972,392	\$ 11,016,506	\$ 10,770,125
Capital Contributions	961,210	515,643	1,494,135	822,700	648,269
Transfers In	-	-	85,636	-	-
Transfers Out	(2,198,373)	(2,247,105)	(2,407,976)	(2,437,660)	(2,641,293)
Change in Net Assets	<u>3,217,298</u>	<u>4,200,854</u>	<u>6,144,187</u>	<u>9,401,546</u>	<u>8,777,101</u>

Source: Comprehensive Annual Financial Report for the City of Cleveland, Tennessee

BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the City. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by state statute and local policies and administered by the City Clerk. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. For reporting purposes, all investments are stated at cost which approximates market value.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, 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 of Tennessee, 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 constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which 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% of its value;

- (b) Industrial and Commercial Property (which 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% of its value;
- (c) Residential Property (which 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% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% 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, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% 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 of the State of Tennessee 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 of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee 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.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee 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 county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment 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 county 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 board of equalization begins its annual session.

The county board of equalization is 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; State Board of Equalization. The State Comptroller of the Treasury is authorized and directed under Tennessee 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 Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. 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 State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments

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

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the 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 of Equalization, by a continuous four-year cycle comprised of an on-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 of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

County Valuation of Property. The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

State Valuation of Public Utility Property. The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality 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 (herein referred to as the "*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 municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality 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.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee 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 (but not requiring) 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. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

Tax Collection and Tax Lien

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, 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.

Assessed Valuations. According to the Tax Aggregate Report of Tennessee and the City, property in the City reflected a ratio of appraised value to true market value of 1.00. The following table shows pertinent data for tax year 2017¹.

<u>Class</u>	<u>Assessed Valuation</u>	<u>Rate</u>	<u>Appraised Value</u>
Public Utility Property	\$ 20,792,525	55%	\$ 47,634,651
Commercial/Industrial/Mineral	603,786,460	40%	1,509,466,150
Personal Tangible Property	192,088,634	30%	646,175,645
Residential, Farm and Open Space	<u>460,384,950</u>	25%	<u>1,841,539,800</u>
Totals	<u>\$1,277,052,569</u>		<u>\$4,044,816,246</u>

Source: 2017 Tax Aggregate Report of Tennessee and the City.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2018 (tax year 2017) is \$1,277,052,569 compared to \$1,143,801,031 for the fiscal year ending June 30, 2017 (tax year 2016). The estimated actual value of all taxable property for tax year 2017 is \$4,044,816,246 compared to \$3,842,467,535 for tax year 2016.

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¹ The tax year coincides with the calendar year, therefore, tax year 2017 is actually fiscal year 2017-2018.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the City for tax years 2014 through 2018 as well as the aggregate uncollected balances for each fiscal year ending June 30, 2018.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year ¹	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	as of June 30, 2018	
						Amount	Pct
2014	\$1,107,356,809	\$1.7655	\$19,550,308	\$18,561,193	94.9%	\$ 99,318	0.5%
2015	1,117,569,025	1.7655	19,557,553	18,745,766	95.8%	128,952	0.7%
2016	1,143,801,031	1.7655	20,008,944	18,941,986	94.7%	267,263	1.3%
2017	1,277,052,569	2.06	26,035,375	25,026,206	96.1%	1,009,169	3.9%
2018	1,333,617,822*	2.06	27,472,527*	IN PROGRESS			

* Estimated

¹ The tax year coincides with the calendar year, therefore, tax year 2018 is actually fiscal year 2018-2019.

Ten Largest Taxpayers. For the fiscal year ending June 30, 2018 (tax year 2017), the ten largest taxpayers in the City are as follows:

<u>Taxpayer</u>	<u>Business Type</u>	<u>Assessment</u>	<u>% of Assessed Valuation</u>
1. Ocoee Health Systems	Healthcare	\$ 37,307,830	2.97%
2. Mars Snackfoods	Candy Manufacture	30,619,170	2.44%
3. Life Care Centers of America	Health Care	23,941,505	1.91%
4. Duracell Company	Manufacture	23,569,750	1.88%
5. Bayer Healthcare	Healthcare	22,261,710	1.77%
6. Whirlpool	Manufacturing	13,968,333	1.11%
7. Wal-Mart	Retail	10,030,120	0.80%
8. Jones Properties	Real Estate	9,890,505	0.79%
9. Peyton's Southeastern	Distribution Company	9,683,050	0.77%
10. Alvin Calhoun		<u>8,446,240</u>	<u>0.67%</u>
TOTAL		<u>\$189,718,390</u>	<u>15.11%</u>

Note: An Equalization Factor has been placed on some personal property taxes by the State of Tennessee and affects the tax levy.

Source: Official Records of Assessor of Property and Office of City Clerk.

PENSION PLAN

The City sponsors a multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS) for its employees. The City is required to contribute at an actuarially determined rates. The Contribution requirement of the plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Employees of the Cleveland Utilities Electric Division hired prior to October 15, 1993 participate in a cost-sharing multiple-employer pension plan administered by the Central Service Association (the “ACSA Plan”). Their participants are not required to contribute to the plan.

The Cleveland City Schools contribute to the State Employees, Teachers, and Higher Education Employees’ Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the TCRS. Most teachers are required by state statute to contribute 5 percent of their salary to the plan.

The City also provides postretirement health and dental care benefits for certain retirees. These benefits are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer’s obligation to provide these benefits. Additional information on the City’s pension arrangements are in the City’s Comprehensive Annual Financial Report found herein.

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**GENERAL PURPOSE FINANCIAL STATEMENTS
OF
CITY OF CLEVELAND, TENNESSEE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**GENERAL PURPOSE FINANCIAL STATEMENTS
OF**

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018

Resolution No. _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING OF THE CITY OF CLEVELAND, TENNESSEE IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$59,750,000, IN ONE OR MORE SERIES; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS, ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS

WHEREAS, 9-21-101, et seq., inclusive, Tennessee Code Annotated, as amended, authorizes the City of Cleveland, Tennessee (the "Municipality"), by resolution of the City Council, to issue and sell bonds and to refund and refinance refunded bonds; and

WHEREAS, the Municipality has previously issued its General Obligation Refunding Bonds, Series 2009C (the "Series 2009C Bonds"), dated August 12, 2009, maturing June 1, 2020 and thereafter; its General Obligation Refunding Bonds, Series 2009D (the "Series 2009D Bonds"), dated August 26, 2009, maturing June 1, 2020 and thereafter; and its General Obligation Refunding Bond, Series 2014A (the "Series 2014A Bond"), dated April 1, 2014, maturing June 1, 2019 and thereafter; and

WHEREAS, the Municipality has also borrowed funds pursuant to a Loan Agreement between The Public Building Authority of the City of Clarksville, Tennessee and the Municipality (the "2014 Jetport Loan," and together with the Series 2009C Bonds, the Series 2009D Bonds and the Series 2014A Bond, the "Refunded Debt"); and

WHEREAS, all or a portion of the Refunded Debt can now be refunded for the purpose of reducing the debt service requirements of the Municipality and/or fixing the interest rate on the Refunded Debt; and

WHEREAS, the City Council hereby determines that it is advisable to issue general obligation bonds, in one or more series, for the purpose of refunding the remaining Refunded Debt; and

WHEREAS, a plan of refunding for the Refunded Debt has been filed with the Director of State and Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and the State Director has submitted to the Municipality a report thereon, a copy of which has been made available to the members of the City Council; and

WHEREAS, it is the intention of the City Council of the Municipality to adopt this resolution for the purpose of authorizing not to exceed \$59,750,000 in aggregate principal amount of bonds for the above-described purposes, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cleveland, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law.

Section 2. Definitions. In addition to the terms defined in the preamble above, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

(a) "Bonds" means the not to exceed \$59,750,000 General Obligation Refunding Bonds of the Municipality, to be dated their date of issuance, and having such series designation or such other dated date as shall be determined by the Mayor pursuant to Section 8 hereof.

(b) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the Municipality or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds.

(c) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

(d) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC.

(e) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

(f) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System.

(g) "Escrow Agent" means the Registration Agent or such other financial institution appointed by the Mayor.

(h) "Financial Advisor" for the Bonds authorized herein means Davenport & Company LLC, Charlotte, North Carolina.

(i) "Mayor" shall mean the Mayor of the Municipality.

(j) "Refunded Debt" means the maturities or portions of the maturities of the Refunded Debt designated for refunding by the Mayor pursuant to the terms hereof.

(k) "Refunding Escrow Agreement" means the Refunding Escrow Agreement, dated as of the date of the Bonds, between the Municipality and the Escrow Agent, in substantially the form of the document attached hereto as Exhibit B, subject to such changes thereto as shall be permitted by the terms of this resolution.

(l) "Registration Agent" means the registration and paying agent appointed by the Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy.

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the Municipality has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the Municipality's Debt Management Policy.

(b) The estimated interest expense and costs of issuance of the Bonds have been made available to the Governing Body.

(c) The refunding of the Refunded Debt authorized herein through the issuance of the Bonds is expected to result in the reduction of the debt service payable by the Municipality over the term of the Refunded Debt, thereby effecting a cost savings to the public, and to provide certainty as to future interest rates.

(d) The Refunding Report of the State Director relating to the refunding of the Refunded Debt (the "Report") has been presented to the members of the Governing Body in connection with their consideration of this resolution and are attached hereto as Exhibit A.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to finance, in whole or in part, the refunding of the Refunded Debt and payment of costs incident to the issuance and sale of the Bonds, there is hereby authorized to be issued bonds, in one or more series, of the Municipality in the total aggregate principal amount of not to exceed \$59,750,000. The Bonds shall be issued in one or more series, in fully registered, book-entry form (except as otherwise set forth herein), without coupons, and subject to the adjustments permitted hereunder, shall be known as "General Obligation Refunding Bonds," shall be dated their date of issuance, and shall have such series designation or such other dated date as shall be determined by the Mayor pursuant to the terms hereof. The Bonds shall bear interest at a rate or rates not to exceed five percent (5.00%) per annum, payable (subject to the adjustments permitted hereunder) semi-annually on June 1 and December 1 in each year, commencing December 1, 2019. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted pursuant to the terms hereof, the Bonds shall mature serially or be subject to mandatory redemption and shall be payable on December 1 of each year, subject to prior optional redemption as hereinafter provided, in the years 2019 through 2033, inclusive, in substantially the manner submitted to the State Director in connection with requesting the Reports.

(b) Subject to the adjustments permitted under Section 8 hereof, Bonds maturing on or after December 1, 2030 shall be subject to redemption prior to maturity at the option of the Municipality on December 1, 2029 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities and series of Bonds to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity of any series shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

(c) Pursuant to the terms hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to the terms hereof for each redemption date, as such maturity amounts may be adjusted pursuant to the terms hereof, at a price of par plus accrued interest thereon to the date of redemption.

If less than all of the Term Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds of such series to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity, and series to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of such series of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of any call for redemption shall be given by the Registration Agent on behalf of the Municipality not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the applicable series of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of

moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(d) The Governing Body hereby authorizes and directs the Mayor to appoint the Registration Agent for the Bonds and hereby authorizes the Registration Agent so appointed or the Registration Agent for the Bonds to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Bonds cancelled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The Mayor is hereby authorized to execute and the City Clerk is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(e) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners 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 depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond 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 Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained

with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(f) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality 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 Municipality 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 Municipality 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 arrangements 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) 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) days prior to the date of the proposed payment to the registered Owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(g) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof 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 Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Municipality to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. 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 registered owner requesting transfer. 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 Municipality 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. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(h) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the signature of the Mayor and the attestation of the City Clerk.

(i) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation relating to the Bonds from the Municipality and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Municipality and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds, or (2) to the extent permitted by the rules of DTC, the Municipality determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, then the Municipality shall discontinue the Book-Entry System with DTC or, upon request of such original purchaser, deliver the Bonds to the original purchaser in the form of fully-registered Bonds, as the case may be. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. If the purchaser(s) certifies that it intends to hold the Bonds for its own account, then the Municipality may issue certificated Bonds without the utilization of DTC and the Book-Entry System.

THE MUNICIPALITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER

WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS; (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, CEDE & CO., AS OWNER.

(j) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section.

(k) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

(l) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be able to mature, instead of issuing a substituted Bond the Municipality may pay or authorize payment of such Bond without surrender thereof. In every case, the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Bond, and indemnify satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged. That portion of the Bonds (based on allocation of Bonds and Bond proceeds as determined by the Municipality) that finance, respectively, improvements to the water system, sewer system and electric system of the Municipality shall be additionally payable from but not secured by the respective revenues of such systems.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriate completed when the Bonds are prepared and delivered:

(Form of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF BRADLEY
CITY OF CLEVELAND, TENNESSEE
GENERAL OBLIGATION REFUNDING BOND, SERIES 2019

Interest Rate: Maturity Date: Date of Bond: CUSIP No.:

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, the City of Cleveland, Tennessee (the "Municipality") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on December 1, 2019, and semi-annually thereafter on the first day of June and December in each year until this Bond matures or is redeemed. The principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, _____, _____, as registration and agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof 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 such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered 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 of the series of which this Bond is one. One Bond for each maturity shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established

by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Municipality and the Registration Agent shall treat Cede & Co. as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Municipality nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Municipality determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Municipality may discontinue the book-entry system with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. Neither the Municipality nor the Registration Agent shall have any responsibility or obligations to DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy or any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners; (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

Bonds of the issue of which this Bond is one maturing on or after December 1, 2030 shall be subject to redemption prior to maturity at the option of the Municipality on December 1, 2029 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

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

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

[Subject to the credit hereinafter provided, the Municipality shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as

securities depository for the series of Bonds of which this Bond is one, 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, 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 Bonds to be redeemed on said dates are as follows:

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

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of any call for redemption shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds

called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and it notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the [Depository or the] affected Bondholders that the redemption did not occur and that the Bond called for redemption and not so paid remain outstanding.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$_____ and issued by the Municipality to finance (a) the refunding of all or a portion of (i) its outstanding General Obligation Refunding Bonds, Series 2009C (the "Series 2009C Bonds"), dated August 12, 2009, maturing June 1, 2020 and thereafter; (ii) its outstanding General Obligation Refunding Bonds, Series 2009D (the "Series 2009D Bonds"), dated August 26, 2009, maturing June 1, 2020 and thereafter; (iii) its outstanding General Obligation Refunding Bonds, Series 2014A (the "Series 2014A Bonds,"); and (iv) its outstanding debt under a Loan Agreement between The Public Building Authority of the City of Clarksville, Tennessee and the Municipality dated June 20, 2014 (the "2014 Jetport Loan," and together with the Series 2009C Bonds, the Series 2009D Bonds and the Series 2014A Bond, the "Refunded Debt"); and (b) the issuance costs of the Bonds, pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and pursuant to a resolution adopted by the City Council of the Municipality on January 28, 2019 (the "Resolution").

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged. The portions of the Bonds (based on allocation of Bonds and Bond proceeds as determined by the Municipality) that finance, respectively, improvements to the water system, sewer system and electric system of the Municipality shall be additionally payable from but not secured by the respective revenues of such systems.

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

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the Municipality, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor and attested by its City Clerk as of the date hereinabove set forth.

CITY OF CLEVELAND, TENNESSEE

By: _____
Mayor

ATTESTED:

City Clerk

Transferable and payable at the principal corporate trust office of: _____
_____, _____

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Trust Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of City of Cleveland, Tennessee, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent

Section 7. Security. The Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to the levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the Municipality to the payment of debt service on the Bonds, including revenues of the water, sewer and electric systems of the Municipality as described above.

Section 8. Sale of Bonds.

(a) The Bonds shall be offered for competitive public sale or at negotiated sale to the Underwriter, in one or more series, as required by law at a price of not less than 98% of par, exclusive of original issue discount, and accrued interest, of any, as a whole or in part from time to time as shall be determined by the Mayor, in consultation with the Financial Advisor. The Mayor and Financial Advisor are authorized to sell each series of Bonds at competitive public sale or if at a negotiated sale, to the Underwriter pursuant to a Bond Purchase Agreement in such form as is approved by the Mayor. The Mayor and County Clerk are authorized to execute and attest such Bond Purchase Agreement upon a negotiated sale. The sale of each series of Bonds by the Mayor and Financial Advisor shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required. No Bonds shall be sold at negotiable sale unless such negotiated sale has been approved by the State Director. If sold by competitive sale, the Bonds, or any series thereof, shall be sold by delivery of bids via physical delivery, mail, fax, or telephone or by electronic bidding means of an Internet bidding service as shall be determined by the Mayor, in consultation with the Financial Advisor.

(b) The Mayor is authorized to cause to be sold of each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each series, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein on the total amount of either series of Bonds authorized herein and referenced in the Reports.

(c) The Mayor is further authorized with respect to each series of Bonds to:

(1) change the dated date of the Bonds, or any series thereof, to a date other than the date of issuance of the Bonds;

(2) change the designation of the Bonds, or any series thereof, to a designation other than "General Obligation Refunding Bonds" and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds, or any series thereof, to a date other than December 1, 2019, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) establish and adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein; (B) the final maturity date of each series shall occur not later than the year in 2034; and (C) the debt service schedule shall be substantially consistent with what was presented to the State Director in connection with obtaining the State Report;

(5) adjust or remove the Municipality's optional redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds or any series thereof does not exceed two percent (2%) of the principal amount thereof;

(6) refund less than all of the Refunded Debt;

(7) sell the Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the Mayor, as he shall deem most advantageous to the Municipality; and

(8) cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof; and

(9) sell either the Bonds as more than one series of Bonds in order to identify to costs of financing particular assets of the Municipality and to make such changes as are described in this Section 8 to accommodate such sale.

The form of the Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 8 hereof and to reflect differences between the multiple series of bonds.

(d) The Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as the Mayor shall deem to be advantageous to the Municipality and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "General Obligation Refunding Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(e) If sold at competitive sale, the Mayor is authorized to award the Bonds, or any series thereof, in each case to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds does not exceed the maximum rate prescribed by Section 4 hereof. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required.

(f) The Mayor and City Clerk are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The Mayor is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into an engagement letter with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds, and all actions heretofore taken by the officers of the Municipality in that regard are hereby ratified and approved.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) An amount sufficient, together with such other Municipality funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, to refund the Refunded Debt shall be applied to the refunding thereof by depositing such funds with the Escrow Agent and/or paying such funds directly to the holders (or paying agents or trustees for the holders) of the Refunded Debt.

(b) The remainder of the proceeds of the sale of the Bonds shall be used to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Financial Advisor to be used to pay costs of issuance of the Bonds.

Section 10. Official Statement. The officers of the Municipality, or any of them, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the officers of the Municipality, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The officers of the Municipality, or any of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

The officers of the Municipality, or any of them, are authorized, on behalf of the Municipality, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Municipality except for the omission in the Preliminary Official Statement of such pricing and other information.

Notwithstanding the foregoing, no Official Statement is required to be prepared if the Bonds, or any series thereof, are purchased by a purchaser that certifies that such purchaser intends to hold the Bonds, or any series thereof, for its own account and has no present intention to reoffer the Bonds, or any series thereof.

Section 11. Refunding Escrow Agreement. With respect to each emission of Bonds, for the purpose of providing for the payment of the principal of and premium, if any, and interest on all or a portion of the Refunded Debt, the Mayor is hereby authorized and directed to execute and the City Clerk to attest on behalf of the Municipality the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit B is hereby in all respects approved and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver same on behalf of the Municipality in substantially the form thereof presented to this meeting, or with such changes as may be approved by the Mayor and the City Clerk, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the Refunding Escrow Agreement. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and premium, if any, and interest on the Refunded Debt and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 12. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by any series 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 and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to 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 it; and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality 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 registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance 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 Municipality 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 Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal 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 Municipality, as received by the Registration Agent. For the purposes of this Section, Defeasance Obligations shall direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 13. Federal Tax Matters Related to the Bonds.

(a) The Bonds are expected to be issued as federally tax-exempt bonds. If so issued, the Municipality hereby covenants that it will not use, or permit the use of, any proceeds of the Bonds in a manner that would cause the Bonds to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond." To that end, the Municipality shall comply with applicable regulations adopted under said Section 148. The Municipality further covenants with the registered owners from time to time of the Bonds that it will, throughout the term of the Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The Governing Body hereby delegates to the Mayor the authority to designate, and determine whether to designate, any series of the Bonds as "qualified tax-exempt obligations," as defined in Section 265 of the Code, to the extent the Bonds are not deemed designated as such and may be designated as such.

(c) The appropriate officers of the Municipality are authorized and directed, on behalf of the Municipality, to execute and deliver all such certificates and documents that may be required of the Municipality in order to comply with the provisions of this Section related to the issuance of the Bonds.

Section 14. Refinancing of Refunded Debt. The Mayor and/or City Clerk are authorized to take such actions as are required to refund the Refunded Debt, including giving notice of the prepayment or redemption of such Refunded Debt.

Section 15. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor is authorized to execute at the Closing of the sale of the Bonds an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Municipality to comply with the undertaking herein described and to be detailed in said closing agreement shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Municipality to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 16. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Duly adopted and approved on January 28, 2019.

Mayor

Attested:

City Clerk

STATE OF TENNESSEE)

COUNTY OF BRADLEY)

I, Shawn McKay, certify that I am the duly qualified and acting City Clerk of City of Cleveland, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a meeting of the governing body of the Municipality held on January 28, 2019; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the Municipality's General Obligation Refunding Bonds.

WITNESS my official signature and seal of said Municipality on _____, 2019.

City Clerk

EXHIBIT A

REFUNDING REPORT FROM STATE DIRECTOR

EXHIBIT B

FORM OF REFUNDING ESCROW AGREEMENT

CITY OF CLEVELAND, TENNESSEE
\$ _____ **GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement (this "Agreement") is made and entered into as of the _____ day of _____, 2019 by and between the City of Cleveland, Tennessee (the "Municipality"), and _____, _____, Tennessee (the "Agent").

WITNESSETH:

WHEREAS, the Municipality has previously authorized, issued and delivered its General Obligation Refunding Bonds, Series 2009C (the "Series 2009C Bonds"), dated August 12, 2009, maturing June 1, 2020 and thereafter; its General Obligation Refunding Bonds, Series 2009D (the "Series 2009D Bonds"), dated August 26, 2009, maturing June 1, 2020 and thereafter; its General Obligation Refunding Bond, Series 2014A (the "Series 2014A Bonds"), dated April 1, 2014, maturing June 1, 2019 and thereafter; and

WHEREAS, the Municipality has also borrowed funds pursuant to a Loan Agreement between The Public Building Authority of the City of Clarksville, Tennessee and the Municipality (the "2014 Jetport Loan," and together with the Series 2009C Bonds, the Series 2009D Bonds and the Series 2014A Bonds, the "Refunded Debt");

WHEREAS, the Municipality has determined to provide for payment of the debt service requirements of the Outstanding Bonds by depositing in escrow with the Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of and interest on the Outstanding Bonds as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Bonds and the corresponding the Outstanding Bonds, the Municipality has authorized and issued its General Obligation Refunding Bonds, 2019, dated _____, 2019 (collectively, the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited in escrow with the Agent hereunder and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Bonds and the corresponding Outstanding Bonds as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and the application thereof, and to provide for the payment of the Outstanding Bonds, the parties hereto do hereby enter into this Agreement;

NOW, THEREFORE, the Municipality, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Outstanding Bonds does by these

presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the Municipality in and to \$ _____ derived from the proceeds of the sale of the Refunding Bonds.

DIVISION II

All right, title and interest of the Municipality in and to the Government Obligations purchased with the funds described in Division I hereof and to all income, earnings and increment derived from or accruing to the Government Obligations.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the Municipality or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the Municipality or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Bonds; but if the principal of and interest on the Outstanding Bonds shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.01 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.01 hereof;

"Escrow Property", "escrow property" or "escrowed property" shall mean the property, rights and interest of the Municipality that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described herein, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof; and

"Written Request" shall mean a request in writing signed by the Mayor of the Municipality or by any other officer or official of the Municipality duly authorized by the Municipality to act in his place.

Section 1.02 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II ESTABLISHMENT AND ADMINISTRATION OF FUNDS

Section 2.01 Creation of Escrow; Deposit of Funds. The Municipality hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrow Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ _____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

Section 2.02 Investment of Funds. The monies described in Section 2.01 hereof shall be held or invested as follows:

(a) the amount of \$ _____ shall be used to purchase the Government Obligations described in Exhibit B attached hereto; and

(b) the amount of \$ _____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Obligations in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Obligations held hereunder or to sell, transfer, or otherwise dispose of the Government Obligations acquired hereunder except as provided herein.

Section 2.03 Disposition of Escrow Funds. The Agent shall without further authorization or direction from the Municipality collect the principal and interest on the Government Obligations promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent or agents, or their successors, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and

interest payments and the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The Municipality represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds, the Outstanding Bonds shall be paid from the Escrow Fund, and the Municipality agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the paying agents as hereinabove provided, the Agent shall transfer any monies or Government Obligations then held hereunder to the Municipality and this Agreement shall terminate.

Section 2.04 Excess Funds. Except as provided in Section 2.06 hereof, amounts held by the Agent, representing interest on the Government Obligations in excess of the amount necessary to make the corresponding payment of principal of and/or interest on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the Municipality.

Section 2.05 Reports. The Escrow Agent shall deliver to the City Clerk of the Municipality a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the City Clerk a report current as of June 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the Municipality and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

Section 2.06 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Obligations, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the Municipality shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.06 shall be applied first to the payment of principal of and interest on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the Municipality to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

Section 2.07 Irrevocable Escrow Created. The deposit of monies, Government Obligations, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Obligations for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the Municipality and the Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.08 Redemption of Outstanding Bonds. The Municipality shall give notice of the prepayment or redemption of the Outstanding Bonds and cause the prepayment or redemption of the Outstanding Bonds by sending the redemption notices attached hereto as Exhibits C-1, C-2 and C-3 or in such other form as is sufficient to cause the prepayment or redemption of the Outstanding Bonds other than the 2014 Jetport Loan. The Jetport Loan will be prepaid in accordance with the prepayment terms thereof.

ARTICLE III CONCERNING THE AGENT

Section 3.01 Appointment of Agent. The Municipality hereby appoints the Agent as escrow agent under this Agreement.

Section 3.02 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

Section 3.03 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Municipality or any paying agent of its obligations, or to protect any of the Municipality's rights under any bond proceedings or any of the Municipality's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the Municipality. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Obligations and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Obligations and the interest earnings therefrom to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Obligations or monies received by it, said Government Obligations or monies shall be and remain the property of the Municipality in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Obligations or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

Section 3.04 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Bonds as fully and with the same rights as if it were not the Agent. The Agent may consult with counsel of its choice with respect to any question relating to its

duties and responsibilities hereunder or otherwise in connection herewith, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Agent is entitled to rely and shall be protected in acting in reliance upon any instructions or directions furnished to it in writing or pursuant to the provisions of this Agreement and shall be entitled to treat as genuine, and as the document it purports to be, any letter, paper or other document furnished to it and believed by it to be genuine and to have been signed and presented by the proper party or parties. The Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Agent may execute any of its trusts or powers and perform any of its duties under this Agreement by or through attorneys, agents or employees.

Section 3.05 Exculpation of Funds of Agent. Except as set forth in Section 3.03, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

Section 3.06 Payment of Deficiency by Municipality. The Municipality agrees that it will promptly and without delay remit or cause to be remitted to the Agent within ten (10) days after receipt of the Agent's written request, such additional sum or sums of money as may be necessary in excess of the sums provided for under Section 2.01 hereof to assure the payment when due of the principal of and interest on the Outstanding Bonds.

Section 3.07 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Bonds, except as provided in Exhibit A attached hereto, and will not redeem or accelerate the maturity of any of the Outstanding Bonds except as provided in Section 2.08 hereof.

Section 3.08 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

Section 3.09 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the Municipality and by giving the holders of the Outstanding Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, the Municipality shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Bradley County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.08. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Section 3.10 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.08 hereof and shall fail to resign after written request therefor by the Municipality or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Municipality may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the Municipality for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.08. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the Municipality and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

Section 3.11 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the Municipality and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the Municipality or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the Municipality shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.08 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the corporate trust business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.08 hereof.

Section 3.12 Payment to Agent. The Municipality agrees to pay the Agent, as reasonable and proper compensation under this Agreement, an annual fee of \$ _____. The Municipality also agrees to reimburse the agent for all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the Municipality agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Bonds; provided, however, that the

Municipality agrees, to the extent permitted by applicable law, to indemnify, defend and save harmless the Agent from any and all claims, liabilities, losses, damages, fines, penalties and expenses (including out-of-pocket and incidental expenses and fees and expenses of in house or outside counsel) ("Losses") arising out of or in connection with (i) its execution and performance of this Agreement, except to the extent that such Losses are due to the gross negligence or willful misconduct of the Agent, or (ii) its following any instructions or other directions from the Municipality, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof, such indemnification being paid from available funds of the Municipality and shall not give rise to any claim against the escrow. The provisions of this Section 3.12 shall survive the termination of this Agreement and the resignation or removal of the Agent for any reason. The indemnifications set forth herein are intended to and shall include the indemnification of all affected agents, directors, officers and employees of the Agent.

ARTICLE IV MISCELLANEOUS

Section 4.01 Amendments to this Agreement. This Agreement is made for the benefit of the Municipality, the holders from time to time for the Outstanding Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the Municipality; provided, however, that the Municipality and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Outstanding Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Obligations held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The Municipality hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds or Outstanding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Obligations held hereunder or from other monies available. The transactions may be effected only if

there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, or Outstanding Bonds cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Obligations held hereunder and the substitutions thereof of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the Municipality.

Section 4.02 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.03 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

Section 4.04 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the Municipality:

Mayor
City of Cleveland, Tennessee
190 Church Street, N.E.
Cleveland, Tennessee 37364-1519

To the Agent:

The Municipality and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

Section 4.05 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 4.06 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

Section 4.07 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF, the Municipality has caused this Agreement to be signed in its name by its Mayor and attested by its City Clerk, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized representative, all as of the day and date first above written.

CITY OF CLEVELAND, TENNESSEE

By: _____
Mayor

City Clerk

Escrow Agent

By: _____
Title: _____

EXHIBIT A TO THE REFUNDING ESCROW AGREEMENT

Debt Service Schedule of General Obligation Refunding Bonds, Series 2009C, dated August 12, 2009, maturing June 1, 2020 and thereafter to the prepayment date or redemption date.

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
_____	_____	_____	_____	_____	_____
=====	=====	=====	=====	=====	=====

Debt Service Schedule of General Obligation Refunding Bonds, Series 2009D, dated August 26, 2009, maturing June 1, 2020 and thereafter to the redemption date.

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
_____	_____	_____	_____	_____	_____
=====	=====	=====	=====	=====	=====

Debt Service Schedule of General Obligation Refunding Bond, Series 2014A, dated April 1, 2014, maturing June 1, 2019 and thereafter to the redemption date.

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
_____	_____	_____	_____	_____	_____
=====	=====	=====	=====	=====	=====

EXHIBIT B TO THE REFUNDING ESCROW AGREEMENT

Government Securities

Total Cost of Securities: \$ _____
Initial Cash Deposit: \$ _____
Total: \$ _____

EXHIBIT C-1 TO THE REFUNDING ESCROW AGREEMENT

NOTICE OF REDEMPTION

CITY OF CLEVELAND, TENNESSEE

NOTICE IS HEREBY GIVEN that the City of Cleveland, Tennessee (the "Municipality"), has elected to and does exercise its option to call and redeem on _____, 20____, all of the Municipality's outstanding bonds as follows:

**General Obligation Refunding Bonds, Series 2009C, dated August 12, 2009,
maturing June 1, 2020 and thereafter (the "Refunded Debt")**

The owners of the above-described Bonds are hereby notified to present the same to the offices of Regions Bank, as set forth below where redemption shall be made at the price of par plus interest accrued to the redemption date:

<u>First Class/Registered/Certified</u>	<u>Express Delivery/Courier</u>	<u>By Hand Only</u>

The redemption price will become due and payable on _____, 20____, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond _____, 20____.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Regions Bank
as Registration and Paying Agent

EXHIBIT C-2 TO THE REFUNDING ESCROW AGREEMENT

NOTICE OF REDEMPTION

CITY OF CLEVELAND, TENNESSEE

NOTICE IS HEREBY GIVEN that the City of Cleveland, Tennessee (the "Municipality"), has elected to and does exercise its option to call and redeem on _____, 20___, all of the Municipality's outstanding bonds as follows:

**General Obligation Refunding Bonds, Series 2009D, dated August 26, 2009,
maturing June 1, 2020 and thereafter (the "Refunded Debt")**

The owners of the above-described Bonds are hereby notified to present the same to the offices of Regions Bank, as set forth below where redemption shall be made at the price of par plus interest accrued to the redemption date:

<u>First Class/Registered/Certified</u>	<u>Express Delivery/Courier</u>	<u>By Hand Only</u>

The redemption price will become due and payable on _____, 20___, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond _____, 20___.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Regions Bank
as Registration and Paying Agent

EXHIBIT C-3 TO THE REFUNDING ESCROW AGREEMENT

NOTICE OF REDEMPTION

CITY OF CLEVELAND, TENNESSEE

NOTICE IS HEREBY GIVEN that the City of Cleveland, Tennessee (the "Municipality"), has elected to and does exercise its option to call and redeem on _____, 20__, all of the Municipality's outstanding bonds as follows:

General Obligation Refunding Bond, Series 2014A, dated April 1, 2014, maturing June 1, 2020 and thereafter (the "Refunded Debt")

The owners of the above-described Bonds are hereby notified to present the same to the offices of Regions Bank, as set forth below where redemption shall be made at the price of par plus interest accrued to the redemption date:

<u>First Class/Registered/Certified</u>	<u>Express Delivery/Courier</u>	<u>By Hand Only</u>

The redemption price will become due and payable on _____, 20__, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond _____, 20__.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Regions Bank
as Registration and Paying Agent

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