

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's : Aaa

Fitch: AAA

S&P's: AAA

(See "Ratings" herein)

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

HAMILTON COUNTY, TENNESSEE

\$167,045,000* GENERAL OBLIGATION BONDS, SERIES 2018A

\$3,900,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES
2018B (RECOVERY ZONE FACILITY BONDS)

Dated: As of date of delivery

Due: Series 2018A Bonds on April 1; Series 2018B Bonds on March 1
as shown on the inside front cover

The Bonds Interest on the Series 2018A Bonds is payable on October 1, 2018, and each April 1 and October 1 thereafter. Interest on the Series 2018B Bonds is payable on September 1, 2018, and each March 1 and September 1 thereafter.

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

Redemption The Series 2018A Bonds are subject to optional redemption as described more fully herein.

The Series 2018B Bonds are not subject to optional redemption.

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

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

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

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

Bond Counsel KUTAK ROCK LLP

Settlement Date March 29, 2018

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

* Preliminary, subject to change

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

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

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

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

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

\$167,045,000* GENERAL OBLIGATION BONDS, SERIES 2018A

<u>Due April 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2019	\$11,145,000			
2020	11,145,000			
2021	11,145,000			
2022	11,140,000			
2023	11,140,000			
2024	11,140,000			
2025	11,135,000			
2026	11,135,000			
2027	11,135,000			
2028	11,135,000			
2029	11,130,000			
2030	11,130,000			
2031	11,130,000			
2032	11,130,000			
2033	11,130,000			

\$3,900,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2018B (RECOVERY ZONE FACILITY BONDS)

<u>Due March 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2021	\$900,000			
2022	905,000			
2023	900,000			
2024	890,000			
2025	305,000			

* Preliminary, subject to change

HAMILTON COUNTY, TENNESSEE

CERTAIN ELECTED OFFICIALS

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

BOARD OF COMMISSIONERS

Randy Fairbanks <i>Chairman</i>	
Chester Bankston	Joe Graham
Gregory Beck	Greg Martin
Tim Boyd	Warren Mackey
James A. (Jim) Fields	Sabrena Turner-Smedley <i>Pro Tempore</i>

CERTAIN APPOINTED OFFICIALS

Albert C. Kiser, CPA	Administrator of Finance
Lee Brouner, CPA	Asst. Administrator of Finance
Jenneth Randall, CPA	County Auditor
Rheubin M. Taylor, Esquire	County Attorney

BOND COUNSEL
Kutak Rock LLP
Atlanta, Georgia

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Memphis, Tennessee

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PART II

Supplemental Information Statement

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OFFICIAL STATEMENT HAMILTON COUNTY, TENNESSEE

\$167,045,000* GENERAL OBLIGATION BONDS, SERIES 2018A \$3,900,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2018B (RECOVERY ZONE FACILITY BONDS)

INTRODUCTION

This Official Statement, including the cover page and the Appendices attached hereto, is provided by Hamilton County, Tennessee (the “County”) for the purpose of furnishing information in connection with the offering of \$167,045,000* in aggregate principal amount of the County’s General Obligation Bonds, Series 2018A (the “Series 2018A Bonds”) and \$3,900,000* in aggregate principal amount of the County’s General Obligation Refunding Bonds, Series 2018B (Recovery Zone Facility Bonds) (the “Series 2018B Bonds”; collectively with the Series 2018A Bonds, the “Bonds”). The Bonds are being issued by the County and are general obligations of the County for which the full faith, credit and taxing power of the County are pledged. Brief descriptions of the Bonds, the Resolution (as defined herein) authorizing the issuance of the Bonds and the County are included in this Official Statement. These descriptions do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to that document, and references to the Bonds are qualified in their entirety by reference thereto.

THE BONDS

DESCRIPTION

The Bonds will be issued under and subject to the terms and conditions contained in resolutions adopted by the Hamilton County Board of Commissioners (the “Commission”) on December 20, 2017 and February 21, 2018 (collectively, the “Resolution”), Section 9-21-201 et. seq., of the Tennessee Code Annotated with respect to the Bonds. The Series 2018A Bonds are being issued to (1) finance or refinance the payment of the principal of the County’s outstanding bond anticipation notes, (2) the costs of designing, acquiring, constructing, renovating, equipping and furnishing various school projects and other governmental projects of the County and (3) the costs of issuing the Series 2018A Bonds. The Series 2018B Bonds are being issued to refund certain of the County’s outstanding bonds as more fully described herein. The Bonds will be direct obligations of the County for which its full faith and credit are pledged and are payable from taxes levied on all taxable property in the County subject to taxation by the County without limitation as to rate or amount.

The Bonds will be dated, will mature and bear interest, all as set forth on the cover and the inside cover of this Official Statement. Interest on the Series 2018A Bonds will be payable semiannually on April 1 and October 1 in each year beginning on October 1, 2018. Interest on the Series 2018B Bonds will be payable semiannually on March 1 and September 1 in each year beginning on September 1, 2018.

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

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

BOOK-ENTRY ONLY SYSTEM

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

OPTIONAL REDEMPTION

The Series 2018A Bonds which mature on or before April 1, 2028 are not subject to redemption prior to their stated maturities. The Series 2018A Bonds maturing on or after April 1, 2029 are subject to prior redemption at the option of the County on and after April 1, 2028, in whole or in part on any date at par.

The Series 2018B Bonds are not subject to redemption prior to their stated maturities.

NOTICE OF REDEMPTION

If the Series 2018A Bonds, or any portion thereof, are called for redemption, notice of redemption, describing the Series 2018A Bonds to be redeemed and specifying the redemption date, will be given by registered or certified mail, postage prepaid, to the registered owners thereof as shown on the registry books of the County kept by the Registrar, not less than 30 days nor more than 60 days prior to the redemption date. If the notice of redemption is mailed as aforesaid and if on or before the date fixed for redemption, payment thereof is duly made or provided for, interest on the Series 2018A Bonds to be redeemed will cease to accrue from and after the redemption date specified in such notice. If less than all of the Series 2018A Bonds are called for redemption, the particular maturity of Series 2018A Bonds to be redeemed will be selected by the County and within a maturity by the Paying Agent by lot, in such manner as it may determine. While DTC or its nominee is the registered owner of the Series 2018A Bonds, the County and the Paying Agent shall not be responsible for mailing notices of redemption to Participants or Indirect Participants or to the Beneficial Owners of the Series 2018A Bonds.

AUTHORIZATION AND SECURITY

The Bonds are general obligations of the County authorized by the Resolution and are being issued in accordance with the Resolution, Section 9-21-201 et seq., of the Tennessee Code Annotated with respect to the Series 2018A Bonds and Section 9-21-901 et seq., of the Tennessee Code Annotated with respect to the Series 2018B Bonds.

SOURCES OF PAYMENT

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

BONDHOLDERS’ REMEDIES

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

which authorized the issuance of the Bonds, and (ii) by action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such holder of the Bonds.

DEBT LIMIT

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

PAYING AGENT AND REGISTRAR

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

THE PROJECTS

A portion of the proceeds from the sale of the Series 2018A Bonds will be used to finance or refinance (including reimbursing the County for amounts expended prior to the date of issuance of said bonds for such projects) the costs of designing, acquiring, constructing, equipping and furnishing certain school projects and various other public works projects (collectively, the "Projects").

PLAN OF REFUNDING

The Series 2018B Bonds are being issued to refund all of the County's outstanding General Obligation Bonds, Series 2010A (Recovery Zone Facility Bonds) maturing on March 1, 2021 through and including March 1, 2025 (the "Refunded Bonds") as described in the table below at a redemption price equal to the principal amount of the Refunded Bonds plus accrued interest through the redemption date:

<u>Date of Maturity</u>	<u>Par Amount</u>	<u>Interest Rate</u>
03/01/2021	\$1,610,000	3.000%
03/01/2022	1,610,000	3.000%
03/01/2023	1,610,000	3.250%
03/01/2024	1,610,000	3.500%
03/01/2025	<u>1,035,000</u>	4.000%
	<u>\$7,475,000</u>	

To refund the Refunded Bonds, the proceeds of the Series 2018B Bonds, together with unspent proceeds of the Refunded Bonds and certain other available monies of the County, will be deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent") and will be held in trust and utilized by the Escrow Agent in accordance with the provisions of an Escrow Agreement (the "Escrow Agreement") to be entered into between the Escrow Agent and the County. Such deposit will be made into the Escrow Fund (the "Escrow Fund") created under the Escrow Agreement. Upon such deposit, which will be made upon the delivery of the Bonds, the Refunded Bonds will be deemed paid and no longer outstanding under its related bond resolution. The Refunded Bonds will be redeemed approximately 30 days following the date of issuance and delivery of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	Series 2018A Bonds	Series 2018B Bonds
Principal Amount of Bonds	\$	\$
Net Premium		
Unexpended Proceeds of Refunded Bonds		
County Equity Contribution		
Total Sources	<u>\$</u>	<u>\$</u>
Uses of Funds		
Deposit to Projects Fund	\$	\$
Payment of Principal of outstanding BANs		
Deposit to Escrow Fund		
Underwriter's Discount		
Costs of Issuance		
Total Uses	<u>\$</u>	<u>\$</u>

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STATEMENT OF DEBT
(As of June 30, 2017, except as to the Bonds)

Total General Obligation Debt:		
General Improvement	\$ 62,978,846	
School Construction	<u>157,656,154</u>	
Total Bonded Debt		220,635,000
Notes Payable and Other Debt		
Revolving Credit Agreement	55,000,000	
Qualified Zone Academy Bonds	<u>20,051</u>	
Total Notes Payable and Other Debt		<u>55,020,051</u>
Total General Obligation Debt		275,655,051
Less: Debt Service Fund Balance		<u>2,162,860</u>
Net Direct Debt		273,492,191
Overlapping Debt: (net of self-supporting debt)		
City of Chattanooga	197,143,646	
Town of East Ridge	316,010	
Town of Red Bank	16,232	
Town of Signal Mountain	49,059	
Town of Collegedale	<u>61,847</u>	
Total Overlapping Debt		<u>197,586,794</u>
Net Direct and Overlapping Debt		<u><u>\$ 471,078,985</u></u>

Debt Ratios:

	Per Capita	% of Assessed Value	% of Actual Value
Total Direct Debt	\$ 770.55	2.92%	0.89%
Net Direct Debt	\$ 764.50	2.90%	0.88%
Net and Overlapping Debt	\$ 1,316.83	5.00%	1.51%
Population		357,738	
Assessed Valuation	\$ 9,429,934,469		
Actual Valuation	\$ 31,104,609,537		

SCHEDULE OF DEBT SERVICE REQUIREMENTS
(Amounts as of June 30, 2017, except as to this issue)

Fiscal Year	Existing Debt Service			Less: Refunded Issue			Plus: This Issue			Total Debt Service			% Prin Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2018	\$ 24,575,000	\$ 9,025,074	\$ 33,600,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,575,000	\$ 9,025,074	\$ 33,600,074	
2019	24,595,000	7,951,561	32,546,561	-	-	-	-	-	-	24,595,000	7,951,561	32,546,561	
2020	22,920,000	6,900,254	29,820,254	-	-	-	-	-	-	22,920,000	6,900,254	29,820,254	
2021	23,115,000	5,875,446	28,990,446	-	-	-	-	-	-	23,115,000	5,875,446	28,990,446	
2022	23,235,000	4,863,934	28,098,934	-	-	-	-	-	-	23,235,000	4,863,934	28,098,934	53.7%
2023	23,435,000	3,907,699	27,342,699	-	-	-	-	-	-	23,435,000	3,907,699	27,342,699	
2024	17,590,000	3,016,789	20,606,789	-	-	-	-	-	-	17,590,000	3,016,789	20,606,789	
2025	15,315,000	2,353,361	17,668,361	-	-	-	-	-	-	15,315,000	2,353,361	17,668,361	
2026	13,805,000	1,777,994	15,582,994	-	-	-	-	-	-	13,805,000	1,777,994	15,582,994	
2027	14,000,000	1,294,069	15,294,069	-	-	-	-	-	-	14,000,000	1,294,069	15,294,069	91.8%
2028	8,570,000	784,469	9,354,469	-	-	-	-	-	-	8,570,000	784,469	9,354,469	
2029	4,545,000	454,819	4,999,819	-	-	-	-	-	-	4,545,000	454,819	4,999,819	
2030	4,565,000	235,063	4,800,063	-	-	-	-	-	-	4,565,000	235,063	4,800,063	
2031	370,000	13,875	383,875	-	-	-	-	-	-	370,000	13,875	383,875	
2032	-	-	-	-	-	-	-	-	-	-	-	-	100.0%
2033	-	-	-	-	-	-	-	-	-	-	-	-	
2034	-	-	-	-	-	-	-	-	-	-	-	-	
2035	-	-	-	-	-	-	-	-	-	-	-	-	
2036	-	-	-	-	-	-	-	-	-	-	-	-	
2037	-	-	-	-	-	-	-	-	-	-	-	-	100.0%
2038	-	-	-	-	-	-	-	-	-	-	-	-	
2039	-	-	-	-	-	-	-	-	-	-	-	-	
2040	-	-	-	-	-	-	-	-	-	-	-	-	
2041	-	-	-	-	-	-	-	-	-	-	-	-	
2042	-	-	-	-	-	-	-	-	-	-	-	-	100.0%
2043	-	-	-	-	-	-	-	-	-	-	-	-	
2044	-	-	-	-	-	-	-	-	-	-	-	-	
2045	-	-	-	-	-	-	-	-	-	-	-	-	
2046	-	-	-	-	-	-	-	-	-	-	-	-	
2047	-	-	-	-	-	-	-	-	-	-	-	-	100.0%
2048	-	-	-	-	-	-	-	-	-	-	-	-	100.0%
<hr/>													
	\$ 220,635,000	\$ 48,454,407	\$ 269,089,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,635,000	\$ 48,454,407	\$ 269,089,407	

* Interest is gross of subsidy receipts.

TAX MATTERS

GENERAL MATTERS

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

Notwithstanding Bond Counsel’s opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75 percent of the excess of such corporations’ adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017.

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

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

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

ORIGINAL ISSUE DISCOUNT

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

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its

sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

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

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

ORIGINAL ISSUE PREMIUM

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

BACKUP WITHHOLDING

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

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the

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

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

CONTINUING DISCLOSURE

Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (the “Rule”), prohibits an underwriter from purchasing or selling municipal securities unless it has determined that the issuer of such securities has committed to provide annually certain information, including audited financial information, and notice of various events described in the Rule, if material. The County has covenanted in the Resolution for the benefit of the holders and beneficial owners of the Bonds to distribute certain financial information and operating data relating to the County by not later than nine months following the end of the County’s fiscal year, commencing with the fiscal year ending June 30, 2018 (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events in a timely manner not in excess of ten business days after the occurrence of the event. See Appendix C attached hereto.

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds were sold by the County at a competitive public sale, on March 6, 2018 at 10:00 a.m. Eastern Standard Time, via electronic bids received by PARITY Electronic Bid Submission System, a service of i-Deal LLC. Details concerning the sale of the Bonds were contained in the Official Notice of Sale dated February 27, 2018, which was available to bidders of the Bonds.

The successful bidder of the Bonds (the “Underwriter”) has agreed, subject to the conditions of closing set forth in the Official Notice of Sale relating to the Series 2018A Bonds, to purchase the Series 2018A Bonds at a purchase price of \$_____ (or the par amount of the Series 2018A Bonds less an Underwriter’s discount of \$_____ and plus a net original issue premium of \$_____). The Underwriter has agreed, subject to the conditions of

closing set forth in the Official Notice of Sale relating to the Series 2018B Bonds, to purchase the Series 2018B Bonds at a purchase price of \$_____ (or the par amount of the Series 2018B Bonds less an Underwriter's discount of \$_____ and plus a net original issue premium of \$_____). The Underwriter is _____.

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

CERTIFICATION AS TO OFFICIAL STATEMENT

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

INDEPENDENT AUDITORS

Tennessee law requires an annual audit of the County's Financial Statements by independent certified public accountants. Mauldin & Jenkins, LLC, independent auditors, have audited the financial statements included in Appendix A to this Official Statement, for the fiscal year ended June 30, 2017. In addition to meeting the requirements of the commission set forth in Tennessee statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget Circular A-133.

RATINGS

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

LEGALITY

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

LITIGATION

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

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

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

HAMILTON COUNTY, TENNESSEE

Jim M. Coppinger
County Mayor

PART II
SUPPLEMENTAL INFORMATION STATEMENT
HAMILTON COUNTY, TENNESSEE

PART II
SUPPLEMENTAL INFORMATION STATEMENT
HAMILTON COUNTY, TENNESSEE

In addition to providing audited financial information as of and for the year ended June 30, 2017, Hamilton County, Tennessee intends that this Supplemental Information Statement will be used, together with information specifically provided by the County for that purpose, in connection with the offering and issuance by the County of its securities. No person, except as noted on the cover page, has been authorized by the County to give any information or to make any representations not contained in this Supplemental Information Statement or any supplement which may be issued hereto and if given or made, such other information or representations must not be relied upon as having been authorized.

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

The County has prepared its most recent Comprehensive Annual Financial Report containing additional financial statements and other information for the fiscal year ended June 30, 2017.

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

The date of this Supplemental Information Statement is June 30, 2017 unless otherwise noted.

TABLE OF CONTENTS

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

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SUPPLEMENTAL INFORMATION STATEMENT

HAMILTON COUNTY, TENNESSEE

INTRODUCTION

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

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

FORM OF GOVERNMENT

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

INDUSTRIAL AND ECONOMIC DEVELOPMENT

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

Hamilton County's City of Chattanooga is one of the South's oldest manufacturing cities; however, no single business category dominates the city today. Economic advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force, and centralized location make this area a diversified and profitable business location. Hamilton County's unemployment rate stands at 2.9 percent as of September 2017. This is compared to the Metropolitan Statistical Areas (the "MSA") unemployment rate of 3.2 percent, the nation's 4.1 percent, and the state's 2.9 percent for the same period according to the Bureau of Labor Statistics.

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

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

The Chattanooga CAN DO initiative is a public-private partnership between the Chattanooga Chamber Foundation, the City of Chattanooga, and eighty private investors. This partnership was formed to enhance job creation. Over the past twelve years, the Chattanooga Chamber Foundation has implemented the job creation strategy, which has resulted in the creation of 20,000 jobs. The Chattanooga CAN DO goals for 2019 are to increase employment by 15,121 jobs, directly assist with job creation of 5,000 jobs having average wages of at least \$44,000 per annum, and increase private capital investment by \$500,000,000.

In 2014, the American Association of Retirement Communities (AARC) named Chattanooga/Hamilton County as the first community in Tennessee to receive its prestigious Seal of Approval as a retirement destination; a coveted award that Chattanooga retains to this day.

In 2017, New York Times named Chattanooga one of the “Top 45 Places to go” in the world. Only four U.S. destinations were named, and Chattanooga was one of the four U.S. destinations.

Tennessee’s only income tax is the Hall tax, which is a tax on investment income (dividends and interest). By State law, this tax is being phased out and is set to expire in 2022. The lower cost of housing and low taxes make the area an attractive destination for anyone seeking a lower cost of living in a beautiful progressive community.

The *Wall Street Journal* called Chattanooga/Hamilton County “home to one of the nation’s strongest local economies.” Chattanooga has experienced a rebirth and has received national recognition as a model for redevelopment of mid-sized cities. Led by a series of community-wide planning efforts, Chattanooga’s progress is evidenced by more than \$5 billion invested in new projects downtown over the last twenty years.

The Electric Power Board (EPB), one of Hamilton County’s primary power utilities, became the first, and to date, only American internet service provider to make up to 10 Gig (10,000 mbps) internet speeds accessible to all of its residential and commercial customers as a standard offer. Ranked the best among large utilities by J.D. Power in July 2017, EPB also is heralded by Consumer Reports magazine as the best television service provider and fourth best internet provider among all cable companies in the country. EPB has also utilized its community-wide fiber optic network to deploy the most advanced and highly automated smart grid power management system in the nation. For the first time in its 77-year existence, EPB is selling or leasing shares of its new solar farm to its 170,000 electric customers, thus giving their customers a chance to buy into part of a new source of clean electricity generation. In recognition of EPB’s groundbreaking infrastructure, the Department of Energy and Oak Ridge National Laboratory are utilizing EPB’s smart grid as a national model for researching and developing best practices. EPB is also the first major power distribution utility to earn the USGBC’s PEER certification for having a highly automated, modernized electric power grid.

Sparked by its high-speed Internet infrastructure, Chattanooga is now the first mid-sized city in America with an established Innovation District. The District is approximately a quarter mile walking radius in the heart of downtown, anchored by the Edney Innovation Center - a 90,000 square foot, 10-story building at the corner of Market and 11th Streets. The Innovation District is designed for newborn companies steered by talented creative entrepreneurs that carve out compelling ideas, and for existing businesses to expand.

Fortune.com heralds Chattanooga as a bustling tech scene and one of America’s most start-up friendly cities. The first municipality to debut a city-wide gigabit network-known as “gig city” created a hub of start-up businesses such as Skuid, a cloud-based UX platform for enterprises, and Bellhops, an on-demand moving company.

Investment in economic growth continues at the Enterprise South Industrial Park (ESIP). This 3,000-acre industrial park was identified by the Tennessee Valley Authority as Tennessee’s first industrial mega site. Today it is home to the Volkswagen Group of America’s (VW) North American assembly plant, which was completed at an investment of \$1 billion and opened for production in 2008. The plant is the largest single investment ever made by a company in Tennessee. A major expansion of the plant totaling \$900 million was completed in 2016. This expansion provided for the production of the Volkswagen Atlas SUV, doubled Volkswagen’s manufacturing capacity in the United States, and increased the total number of workers at Volkswagen to 3,100 as of May 2017. In 2017, VW announced plans to assemble a second SUV at its Chattanooga plant, which is anticipated to add 1,100 more employees at the plant.

Enterprise South Industrial Park is home to multiple companies and accounts for more than 7,000 jobs in Hamilton County.

Plastic Omnium Auto Exteriors, a supplier of automobile bumpers and fenders, recently announced plans for a 16,400 square-foot addition to its plant. Plastic Omnium anticipates completion of this expansion in 2018. Gestamp Corporation constructed a \$90 million automotive parts stamping facility at Enterprise South. Gestamp was the first “tier 1” auto supplier for Volkswagen to locate at Enterprise South. Yanfeng Automobile Interior, a company that manufactures injection molded parts for Volkswagen, invested \$55 million in expanding its company which created 325 jobs.

Amazon, the world’s largest internet retailer, opened a \$70 million distribution center at Enterprise South employing 1,966, and it has become one of the top ten employers in Hamilton County.

Hamilton County has additionally experienced strong economic growth in areas other than ESIP. FedEx recently completed a new ground delivery operation, a \$30 million investment.

Bass Pro Shop/Outpost recently built and opened an 85,000 square foot store in East Ridge at Exit 1 off Interstate 75. Bass Pro Shop is a natural fit to Hamilton County due to the abundance of outdoor activity in the region. Bass Pro Shop is well known for bringing customers from as far as 50 miles away and having them shop for up to 2.5 hours per visit.

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

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

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

Managed in partnership by Hamilton County and the City of Chattanooga, the Tennessee RiverPark is a ten-foot-wide paved, landscaped and lighted scenic urban greenway anchored along the southern bank of the Tennessee River. The latest 3.5 mile segment completed in mid-2016 extends the 10 mile route from Chickamauga Dam to the heart of downtown business and tourism district to Lookout Mountain and the hundreds of miles of trails extending into Alabama and Georgia.

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

The 2,800-acre Enterprise South Nature Park is jointly funded by Hamilton County and the City of Chattanooga. Visitors can walk along woodland paths that traverse a variety of terrains and feature scenic overlooks and a “hidden lake.” The Enterprise South Nature Park contains 10.5 miles of woodland walking and hiking trails, 10 miles of mountain bike trails, 8.5 miles of paved walking and bike roads, and a 7-mile driving loop. The park features a Visitors Center with meeting rooms, historical exhibits, and picnic areas. Construction of equestrian trails is underway, anticipated to be completed in 2018, expanding the outdoor activities to an even larger audience. The park recently received the Governor’s Environmental Stewardship Award for Greenways and Trails.

Tennessee’s largest shopping mall, Hamilton Place, remains a magnet for millions of people. The 1.2 million-square-foot mall and additional 1 million square feet in surrounding retail stores (owned and operated by CBL & Associates Properties, Inc.) has reeled in tourists and locals with a savvy mix of new and familiar stores and theme restaurants. Thanks to the mall, the area has become a retail hotbed, bringing in approximately \$20

million in sales annually. Hamilton Place has four major department stores, over 215 stores, and 30 eateries. That success has spilled across Gunbarrel Road and Interstate 75. The number of businesses and amount of traffic in the mall area has more than doubled over the past decade.

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

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FINANCIAL INSTITUTIONS

There are 27 commercial banks within the Hamilton County MSA reporting total deposits of \$9,707,956,000 as of June 30, 2017. The following amounts are shown in thousands.

Institution	Deposits (000s)
First Tennessee Bank, National Association	\$ 2,478,654
SunTrust Bank	1,692,284
Regions Bank	1,280,645
Pinnacle Bank	648,527
First Volunteer Bank	456,235
Bank of America, National Association	439,535
FirstBank	336,284
Citizens Tri-County Bank	333,855
SmartBank	301,324
The Bank of La Fayette, Georgia	208,537
Synovus Bank	200,225
Atlantic Capital Bank, National Association	170,459
MILLENNIUM BANK	157,518
Tower Community Bank	116,482
Community National Bank	111,829
Branch Banking and Trust Company	109,349
Capital Bank	106,526
Wells Fargo Bank, National Association	105,301
Bank of Dade	89,115
Mountain Valley Bank	87,968
SouthEast Bank	79,096
Citizens Bank & Trust, Inc.	75,063
Southcrest Bank, National Association	40,038
Southern Community Bank	32,543
First-Citizens Bank & Trust Company	20,150
First Jackson Bank, Inc.	18,956
First Farmers & Commercial Bank	11,458
	<u>\$ 9,707,956</u>

Source: The Federal Deposit Insurance Corporation, June 30, 2017 (<https://www.fdic.gov/>)

TRANSPORTATION SERVICES

Hamilton County serves as a major regional transportation hub. Air transportation services are provided by Lovell Field, which is operated by the Chattanooga Metropolitan Airport Authority. Lovell Field is served by Allegiant Air, American Eagle, Delta Connection and US Airways Express. Passenger traffic at all of the airlines serving Chattanooga increased in 2017, and the airport set a record for passenger boarding volume at approximately 485,000 for 2017 - up 67 percent since the start of the decade. Airport authorities have invested \$1.1 million on new plans to meet the passenger growth that has fueled four consecutive years of record high traffic at Lovell Field. Privately owned and operated airport facilities include Collegedale Municipal Airport and Dallas Bay Skypark. All airport facilities are conveniently located near the downtown area and provide such services as aircraft sales, instruction, charter services, fueling, and maintenance of aircraft.

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

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

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

HEALTH CARE SERVICES AND FACILITIES

Chattanooga is known as a regional leader in the medical field. In Hamilton County, 15% of jobs and 16% of payroll are generated by health care, including over 1,004 health care providers. Recognition of Chattanooga's medical community includes Erlanger Medical Center, which has the region's only Level 1 Trauma Center; the Tennessee Craniofacial Center, one of the leading facial reconstructive centers in the country treating patients from all over the world; the Chattanooga Heart Institute, one of the leading heart centers in the region; and Siskin Hospital, Tennessee's only not-for-profit hospital dedicated to physical rehabilitation. Health care facilities include seven large hospitals, emergency medical centers, public and private mental health facilities, drug and alcohol abuse recovery facilities, rehabilitation centers and speech and hearing facilities for the handicapped. In addition, the Hamilton County Health Department provides services and facilities for the protection and wellbeing of the public health. Total bed capacity of all hospital facilities is 1,902.

The Erlanger Health System, headquartered in Chattanooga, is comprised of five campuses serving residents living within a 150-mile radius of Chattanooga. The campuses include the Baroness Erlanger Campus, the region's only Level One Trauma Center; T.C. Thompson Children's Hospital at Erlanger; Erlanger North Hospital; Erlanger East Hospital; and Erlanger Bledsoe Hospital, located in Pikeville, Tennessee. Erlanger is the region's only teaching hospital, affiliated with the University of Tennessee College of Medicine. Erlanger has six emergency departments and six Life Force air ambulances in its fleet; two based in Tennessee, two in Georgia, one in Winchester, Tennessee, and one in western North Carolina. Erlanger has started construction on a \$40 million, three-story, Children's Hospital outpatient building which is scheduled to open December 2018. In May 2017, Erlanger officials broke ground on the new Erlanger Behavioral Health Hospital, a joint effort between Erlanger and Acadia Healthcare. The 69,000-square-foot facility will include 24 beds for geriatric patients, 24 beds for adults, 18 beds for children and adolescents, and 22 beds for substance abuse patients.

Memorial Hospital has three locations, two of which are hospitals and one imaging center. Memorial's main campus houses its state of the art Heart Center which includes 95 private patient rooms; a 22-bed cardiac short stay unit; 7 cardiac cath labs; 2 interventional labs; 1 dedicated imaging center; a diabetes and nutrition center; a weight management center; and a new chapel. The Lehman Family Center is an extension of its cardiac rehabilitation facility. In addition, Memorial now offers breakthrough technology that corrects heart valve

leakage. It is the first in the Chattanooga region to offer mitralclip therapy, the world's first trans catheter mitral valve repair - meaning no surgical incisions are needed to deliver this life changing therapy.

Parkridge Hospital has four locations that offer a wide range of services, including but not limited to, inpatient and outpatient surgical services, maternity and emergency services. Two of the Parkridge campuses include psychiatric facilities offering child and adolescent services, crisis intervention, and adult and senior care.

Selected information about the hospitals for 2017 follows:

	<u>No. of Beds</u>	<u>Total Revenues</u>	<u>No. of Employees</u>
Erlanger Hospital	813	\$ 792,982,000	4,384
Memorial Hospital	336	446,756,000	2,495
Parkridge Medical Center	275	199,988,000	932
Parkridge East Hospital	128	84,763,000	450
Parkridge Valley Behavioral Health	172	22,725,000	357
Memorial North Park Hospital	69	69,821,000	405

Source: Hospital Administration

EDUCATIONAL FACILITIES

Total public school locations and enrollment for Hamilton County Department of Education for the current year and past year follow:

	<u>2016-2017</u>		<u>2017-2018</u>	
	<u>Locations</u>	<u>Enrollment</u>	<u>Locations</u>	<u>Enrollment</u>
High School	12	9,007	12	8,953
Middle - High	7	5,023	7	5,146
Middle School	12	6,716	12	6,822
Elementary - High	2	1,071	2	1,079
Elementary - Middle	3	1,803	3	1,809
Elementary School	39	19,587	39	19,740
Middle College/Collegiate High School at Chattanooga State				
Technical Community College	<u>1</u>	<u>112</u>	<u>1</u>	<u>120</u>
Total	<u>76</u>	<u>43,319</u>	<u>76</u>	<u>43,669</u>

Source: Hamilton County Department of Education 10th day enrollment

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

The following universities and colleges were located in the Chattanooga metropolitan area in 2017:

	<u>Enrollment</u>
University of Tennessee at Chattanooga	1,587
Chattanooga State Technical Community College	9,655
Northwestern Technical College	7,750
Southern Adventist University (1)	3,000
Covenant College (1)	1,058
Miller-Motte Technical College Chattanooga (1)	304
Richmond Graduate University (1)	260
Chattanooga College of Medical Dental and Technical Careers (1)	250
Virginia College-School of Business and Health (1)	118

(1) Private

Source: School Administration Offices

POLICE AND EMERGENCY SERVICES

The Hamilton County Sheriff employs 172 total sworn police personnel and an additional auxiliary civilian force of 67. Police protection is also provided by the Chattanooga Police Department and other municipalities and counties throughout the MSA. With 22 local volunteer fire stations, approximately 450 volunteer firemen provide fire protection for unincorporated areas of the County, and 24 municipal fire stations employ 553 firemen. In addition, there are five specially trained teams: two hazardous materials teams, two ground rescue teams, one water rescue team, and highly trained 9-1-1 tactical telecommunicators who provide emergency coordination with backup communications capabilities in the event of radio failure. Hamilton County also has one urban Search and Rescue Team that is fully staffed by a mixture of Chattanooga firefighters and area volunteers.

Ambulance service is provided to County residents and visitors by the Hamilton County Emergency Medical Services Department. Thirteen medic stations are strategically located throughout the County. From these stations, 14 advanced life support ambulances are dispatched twenty-four hours a day, seven days a week. The ambulance fleet also has eight reserve ambulances for use as maintenance replacements or additional response units. Approximately 38,000 emergency 911 calls per year are answered by 105 full-time and 20 part-time AEMTs and paramedics. Hamilton County E.M.S. has been awarded a “Class A” ambulance rating by the State of Tennessee and oversees and coordinates additional medical responses being provided by 13 area fire departments.

CULTURAL ACTIVITIES AND FACILITIES

Hamilton County is a strong supporter of arts and cultural programs. ArtsBuild serves to ensure that all children and families in Hamilton County will have access to high quality arts and cultural education through a comprehensive and sequential system. ArtsBuild has provided significant arts-related professional development to Hamilton County classroom teachers through the John F. Kennedy Center for the Performing Arts’ Partners in Education program. ArtsBuild’s Imagine! initiative provides tickets, transportation, and integrated curriculum to all second through fourth grade students in Hamilton County to attend a professional art event each year. ArtsBuild and its cultural partners have invested \$5.7 million in Chattanooga’s leading arts organization.

The Riverbend Festival brings our community together in a riverfront celebration of our heritage and diversity. With capacity crowds exceeding 600,000, the Festival has become one of the South’s premier entertainment events. Spread over a two-week period in June, Riverbend features a wide variety of music on five stages with more than 100 performing artists. The Riverbend Festival has grown into an internationally recognized event that attracts hundreds of thousands of people to Chattanooga’s beautiful 21st Century Waterfront.

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

Chattanooga was host to the 2016 and 2017 IronMan 70.3 events held in May, and was also host to the 2016 IronMan event held in September. The IronMan event begins with a point-to-point 2.4 mile swim in the Tennessee River with ample spectator vantage points alongside the city's famous Riverwalk. Chattanooga was also host to the IronMan 70.3 World Championship in September 2017. This was the largest event in IronMan 70.3 history. The two-day event featured professional and age-group women racing on Saturday and professional age-group men on Sunday. Chattanooga is the only city to host Ironman, Ironman 70.3, and two days of IronMan 70.3 World Championship racing. According to the Chamber of Commerce, these events contributed approximately \$100 million of direct spending in the community.

The Tennessee River, Ross's Landing, and Coolidge Park provide a spectacular setting for events such as the Head of the Hooch Regatta. The Head of the Hooch on average brings in 2,000+ crews from high schools, colleges and master rowing teams from around the country for the weekend event.

RiverRocks is a unique outdoor festival that occurs during the weekends in October which celebrates the incomparable resources of the Tennessee Valley. Events range from ChattaJack 31, which is a paddleboard/kayak race through 31 miles of the Tennessee River Gorge; the Chattanooga Head Race on the Tennessee River; a 50K Trail Race held on the beautiful single track of Signal Mountain and Walden Ridge; Lula Lake Five Points 50, which is a race for mountain bike enthusiasts; the 7 Bridges Marathon; and the Ragnar Relay. There will also be climbing events that will take place at The Block. The 30,000-square-foot structure features a 55-foot-high climbing wall (attached to the outside of the six-level building's parking garage), while the inside of the Block includes High Point Climbing and Fitness (indoor climbing facilities), RockCreek Outfitters and a Chhattanooga Coffee Company.

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

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

DEMOGRAPHIC TRENDS

POPULATION

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

Census Year	City Area	City of Chattanooga	Hamilton County	State of Tennessee	Decennial Percent Change			
					City	County	State	US
1970	52.5	119,923	255,077	3,962,018	-7.8%	7.2%	10.1%	13.3%
1980	126.9	169,565	287,740	4,591,120	41.4%	12.8%	15.9%	11.4%
1990	126.9	152,466	285,536	4,877,855	-10.1%	-0.8%	6.2%	9.8%
2000	126.9	155,554	307,896	5,689,283	2.0%	7.8%	16.6%	13.1%
2010	137.2	167,674	336,463	6,346,105	7.8%	9.3%	11.5%	9.7%
2016 (E)	137.2	177,571	357,738	6,651,194	-	-	-	-

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

PER CAPITA PERSONAL INCOME AND MEDIAN AGE CHATTANOOGA MSA

<u>Calendar Year</u>	<u>Per Capita Income</u>	<u>Median Age</u>
2006	32,914	38.1
2007	33,987	39.1
2008	35,346	39.4
2009	34,262	39.0
2010	35,511	39.2
2011	37,203	39.3
2012	39,013	39.4
2013	38,620	39.7
2014	39,811	39.8
2015	41,712	39.8
2016	42,601	39.8

Source: U.S. Bureau of Economic Analysis Web Site (www.bea.gov).
Median Age from Census.gov - American Fact Finder 2012-2016 American Community Survey (5-Year Estimates)

HOUSING UNITS

<u>2016 Housing Units</u>	<u>Chattanooga</u>		<u>Hamilton County</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
Occupied Housing Units	70,730	86.4%	137,309	88.6%
Vacant Housing Units	11,167	13.6%	17,594	11.4%
Total Housing Units	81,897	100.0%	154,903	100.0%
Renter-Occupied Units	33,115	46.8%	48,631	35.4%
Owner Occupied Units	37,615	53.2%	88,678	64.6%
Total Occupied Units	70,730	100.0%	137,309	100.0%

Source: U.S. Bureau of the Census

BUILDING PERMITS ISSUED

Calendar Year	Valuation¹	Number
2008	81,414,961	991
2009	76,903,419	909
2010	79,983,817	950
2011	85,584,057	983
2012	181,721,441	1,424
2013	117,864,947	1,149
2014	129,386,366	1,069
2015	176,545,665	1,193
2016	132,354,962	1,306
2017	150,689,612	1,444

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

Source: Hamilton County Building Inspection Year End Reports

EFFECTIVE BUYING INCOME

	Hamilton County			Chattanooga MSA		
	Net Dollars	Per	Average Per	Net Dollars	Per	Average Per
Year	(000s)	Capita	Household	(000s)	Capita	Household
2006	6,567,645	21,086	51,597	9,484,540	19,180	47,632
2007	6,627,265	21,227	51,372	9,628,305	19,384	47,744
2008	6,597,730	20,956	50,382	9,696,867	19,303	47,293
2009	7,090,428	21,181	51,601	10,246,777	19,609	48,409
2010	6,994,695	20,471	50,221	10,465,612	19,912	49,156
2011	6,919,985	20,253	50,221	10,012,128	18,992	47,059
2012	7,561,060	21,855	53,668	10,700,855	19,839	49,620
2013	7,422,058	21,093	51,736	10,797,803	19,840	49,534
2014	8,441,101	23,845	58,519	11,995,414	21,897	54,700
2015	8,746,102	24,588	60,347	12,459,490	22,671	56,610
2016	8,826,234	24,604	60,249	12,620,752	22,825	56,934

Source: Claritas, Inc.

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MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

	Calendar Years				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Hamilton County	\$39,169	\$37,378	\$43,746	\$44,466	\$45,211
Tennessee	36,168	39,059	40,714	41,940	42,348
United States	41,358	43,715	45,448	46,738	48,043

Source: Claritas, Inc.

COMPARATIVE STATISTICS RELATING TO THE DISTRIBUTION OF EFFECTIVE BUYING INCOME

	<u>Chattanooga MSA</u>	<u>Hamilton County</u>	<u>State of Tennessee</u>
Less than \$25,000	27.11%	26.39%	27.76%
\$25,000 - 34,999	14.39%	14.18%	15.02%
\$35,000 - 49,999	15.97%	14.95%	15.60%
\$50,000 - 74,999	19.35%	18.91%	18.86%
\$75,000 and over	23.19%	25.57%	22.76%

Source: Claritas, Inc. 2016

RETAIL SALES GROWTH

<u>Year</u>	<u>Chattanooga (\$000)</u>	<u>Hamilton County (\$000)</u>	<u>Chattanooga MSA (\$000)</u>
2007	4,562,191	5,801,143	7,826,750
2008	4,600,292	5,928,837	8,021,643
2009	4,108,923	5,208,214	7,202,470
2010	3,866,497	4,924,775	6,710,426
2011	3,981,579	7,791,788	7,082,991
2012	4,038,879	5,268,754	7,791,788
2013	4,301,332	6,321,726	8,630,551
2014	4,942,094	6,321,683	8,675,969
2015	5,453,159	7,173,422	9,434,781
2016	5,297,362	6,811,164	8,980,106

Source: Claritas, Inc.

EMPLOYMENT AND UNEMPLOYMENT STATISTICS

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

Year	MSA Civilian Labor Force (in 000's)			Civilian Labor Force % Unemployed		
	Total	Employed	Unemployed	MSA	TN	U.S.
2008	264.9	249.3	15.5	5.9	6.6	5.8
2009	258.2	233.8	24.4	9.5	10.5	9.3
2010	258.4	235.5	22.8	8.8	9.7	9.6
2011	261.8	240.2	21.6	8.2	9	8.9
2012	260.8	241.6	19.2	7.4	7.8	8.1
2013	256.5	237.5	19.0	7.4	7.8	7.4
2014	250.6	234.6	16.0	6.4	6.5	6.2
2015	253.6	239.8	13.8	5.5	5.6	5.3
2016	260.0	247.2	12.9	4.9	4.8	4.9
2017 (P)	268.5 (P)	259.9 (P)	8.6 (P)	3.2 (P)	2.9 (P)	-

Note: Annual averages; not seasonally adjusted

(P) Preliminary - September 2017

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

TOP 10 EMPLOYERS IN HAMILTON COUNTY AREA

	Number of Employees	Types of Services
BlueCross BlueShield of Tennessee	5,970	Insurance/Medical
Hamilton County Department of Education	4,548	Elementary & Secondary Schools
Erlanger Health System	4,451	Hospital
Tennessee Valley Authority	3,519	Utility Electric Service
Volkswagen Chattanooga	3,100	Manufacturing
McKee Foods Corporation	2,900	Snack Food Manufacturer
UnumProvident Corporation	2,800	Insurance/Medical
Memorial Health Care System	2,516	Hospital
Amazon.com.dedc.LLC	2,289	Online Retailer-Fulfillment Center
City of Chattanooga	2,279	Government

Source: Comprehensive Annual Financial Report of Hamilton County, Tennessee for year ended June 30, 2017

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FINANCIAL ANALYSIS

ACCOUNTING SYSTEM

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the thirty-sixth consecutive year that the County has received the award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

GFOA also presented a Distinguished Budget Presentation Award to the County for its Comprehensive Annual Budget Report (CABR) for the fiscal year beginning July 1, 2016. The County has received this award for fifteen consecutive years. In order to be awarded a Distinguished Budget Presentation Award a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Budget Report, which must conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements. Like the Certificate of Achievement for Financial Reporting, this award is valid for a period of one year only.

FISCAL YEAR

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

BUDGETARY PROCEDURES

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

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

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

ADOPTED GENERAL FUND BUDGET FOR FISCAL YEAR 2018

The County Commission adopted the fiscal year 2018 General Fund budget on June 21, 2017 (original budget). Subsequent to approval of the original budget, the County Commission, via Resolution 917-12 dated September 7, 2017, amended the fiscal year 2018 General Fund budget to include an increase in the County property tax levy in the amount of 26.76 cents. This tax increase resulted in an increase to the General Fund fiscal year 2018 revenue budget of \$24.5 million.

A summary of the General Fund fiscal year 2018 budget, noting the original budget, the September 2017 budget amendment, and the amended budget is as follows:

General Fund - Budget for Fiscal Year Ending June 30, 2018

	Original Budget	September 2017 Amendment	Amended Budget
Revenue			
Taxes (Property & Business)	\$ 158,255,987	\$ 24,500,000	\$ 182,755,987
Licenses and Permits	889,100		889,100
Intergovernmental	27,571,089		27,571,089
Charges for Services	16,699,100		16,699,100
Fines, Forfeitures and Penalties	2,073,950		2,073,950
Investment Earnings	593,500		593,500
Miscellaneous	4,424,156		4,424,156
Interfund Transfers	12,204,066		12,204,066
Total Revenues	<u>222,710,948</u>	<u>24,500,000</u>	<u>247,210,948</u>
Expenditures			
General Government	42,146,752		42,146,752
Public Safety	95,942,640	2,000,000	97,942,640
Highways and Streets	16,249,296		16,249,296
Health	24,629,282		24,629,282
Social Services	1,791,322		1,791,322
Culture and Recreation	8,967,476		8,967,476
Transfers to Other Funds	32,984,180	22,000,000	54,984,180
Total Expenditures	<u>222,710,948</u>	<u>24,000,000</u>	<u>246,710,948</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

Source: Hamilton County

CASH MANAGEMENT

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

The County strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure efficient and profitable use of the County's cash resources. In an effort to maximize investment

earnings, the County has formed an internal investment pool, which allows all idle cash to be invested on a daily basis. Daily cash needs are supplied from funds held with the County's local bank and the State Local Government Investment Pool, while longer term cash reserves are held in government securities and agency bonds and certificates of deposit having maturities of up to two years.

SUMMARY OF GOVERNMENTAL OPERATIONS

GENERAL GOVERNMENT FUNCTIONS

The following schedules present a summary of General Fund, Special Revenue Funds, and Debt Service Fund revenues and expenditures (expressed in thousands) for the past five fiscal years ending June 30, 2017.

Revenues	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Local Taxes	143,132	147,309	150,087	153,813	160,838
Licenses & Permits	793	776	684	841	851
Intergovernmental	25,524	27,416	27,317	27,655	26,643
Charges for Services	64,602	63,670	34,958	36,802	35,663
Fines, Forfeitures & Penalties	1,477	1,922	1,860	1,833	1,980
Investment Earnings	399	384	375	511	720
Other Revenues	<u>4,280</u>	<u>4,377</u>	<u>4,944</u>	<u>5,205</u>	<u>5,224</u>
Total Revenues	<u>240,207</u>	<u>245,854</u>	<u>220,225</u>	<u>226,660</u>	<u>231,919</u>
Expenditures					
General Government	47,664	50,362	50,748	50,522	55,058
Public Safety	102,704	109,204	84,077	86,704	90,098
Health & Social	34,468	35,612	36,757	36,614	38,029
Highways	12,569	10,288	11,076	10,968	11,832
Debt Service	31,837	36,414	68,877	39,654	35,051
Capital Projects	<u>3,647</u>	<u>4,665</u>	<u>3,371</u>	<u>3,300</u>	<u>3,382</u>
Total Expenditures	<u>232,889</u>	<u>246,545</u>	<u>254,906</u>	<u>227,762</u>	<u>233,450</u>
Excess of Revenues Over/(Under)					
Expenditures	7,318	(691)	(34,681)	(1,102)	(1,531)
Other Financing Sources/(Uses):	<u>63</u>	<u>51</u>	<u>14,020</u>	<u>3,205</u>	<u>3,959</u>
Net Change in Fund Balance	7,381	(640)	(20,661)	2,103	2,428
Beginning Fund Balances	<u>110,181</u>	<u>117,562</u>	<u>116,922</u>	<u>96,261</u>	<u>98,364</u>
Ending Fund Balances	<u>\$ 117,562</u>	<u>\$ 116,922</u>	<u>\$ 96,261</u>	<u>\$ 98,364</u>	<u>\$ 100,792</u>

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for years ended June 30, 2013-2017.

CHANGES IN GENERAL GOVERNMENTAL FUND BALANCES

A ten-year analysis of growth in fund balances, expressed in thousands, is shown below for fiscal years ending June 30, 2017.

Fiscal Year	General Fund	Other Governmental Funds	Debt Service Fund
2008	77,102	8,638	240
2009	84,070	7,626	227
2010	87,920	6,936	298
2011	95,967	6,024	237
2012	104,431	5,363	387
2013	111,169	6,034	358
2014	112,106	3,893	923
2015	91,394	3,536	1,330
2016	92,395	4,119	1,849
2017	94,179	4,451	2,163

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for years ended June 30, 2008-2017

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

Years Ended June 30	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues	\$ 208,437	\$ 217,088	\$ 190,751	\$ 195,561	\$ 200,047
Expenditures	<u>154,848</u>	<u>193,634</u>	<u>168,287</u>	<u>169,764</u>	<u>179,558</u>
Excess of Revenues over Expenditures	53,589	23,454	22,464	25,797	20,489
Other Financing Sources/(Uses):					
Transfers In	10,538	11,128	16,752	14,312	15,397
Transfers Out	(57,451)	(36,074)	(59,290)	(39,146)	(34,217)
Sale of Capital Assets	<u>62</u>	<u>51</u>	<u>35</u>	<u>38</u>	<u>115</u>
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	6,738	(1,441)	(20,039)	1,001	1,784
Beginning Fund Balance	104,432	111,170	112,106	91,394	92,395
Prior Period Adjustment	<u>-</u>	<u>2,377</u>	<u>(673)</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 111,170</u>	<u>\$ 112,106</u>	<u>\$ 91,394</u>	<u>\$ 92,395</u>	<u>\$ 94,179</u>

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for fiscal years 2013 - 2017.

REVENUES

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

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

PROPERTY TAX

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

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

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

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

The current property tax rate for fiscal year ending June 30, 2018 is \$2.7652.

PRINCIPAL TAXPAYERS

The following are the ten largest taxpayers in the County for budget year 2017.

<u>Taxpayer</u>	<u>2017 Taxable Assessed Value</u>	<u>% of Total Assessed Valuation</u>	<u>County Tax</u>
Electric Power Board	\$ 424,414,290	4.35%	\$ 11,735,904
Volkswagen	236,671,697	2.43%	2,692,715
TVA	169,328,148	1.74%	4,685,097
CBL Properties	107,469,948	1.10%	2,971,759
Blue Cross Blue Shield	91,799,837	0.94%	1,440,144
Tennessee American Water Co.	63,449,003	0.65%	1,754,492
McKee Baking/Foods Corp.	62,071,658	0.64%	1,718,572
Bell South Communications	59,183,211	0.61%	1,636,534
Walmart	45,436,758	0.47%	1,137,104
Norfolk Southern	40,479,944	0.41%	1,119,351
	<u>\$ 1,300,304,494</u>	<u>13.34%</u>	<u>\$ 30,891,672</u>

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for fiscal year 2017

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

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

Property Values	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>Actual Values:(in Millions)</i>										
Real Property	21,200	21,788	25,582	25,734	25,834	26,003	26,261	26,597	27,059	27,548
Personal Property	1,780	1,854	2,055	2,001	2,008	2,124	2,096	2,120	2,109	2,206
Public Utilities	544	557	618	553	573	589	577	605	601	600
	<u>23,524</u>	<u>24,199</u>	<u>28,255</u>	<u>28,288</u>	<u>28,415</u>	<u>28,716</u>	<u>28,934</u>	<u>29,322</u>	<u>29,769</u>	<u>30,353</u>
<i>Assessed Values:(in Millions)</i>										
Real Property	6,171	6,345	7,443	7,473	7,489	7,532	7,638	7,732	7,874	8,025
Personal Property	534	556	617	600	602	634	629	636	633	662
Public Utilities	299	307	340	304	315	324	317	332	331	330
	<u>7,004</u>	<u>7,208</u>	<u>8,400</u>	<u>8,377</u>	<u>8,406</u>	<u>8,490</u>	<u>8,584</u>	<u>8,700</u>	<u>8,838</u>	<u>9,017</u>
Property Tax Rates										
Hamilton County	3.15	3.1540	2.7652	2.7652	2.7652	2.7652	2.7652	2.7700	2.7652	2.7652
City of Chattanooga	2.20	2.2020	1.9390	2.3100	2.3100	2.3100	2.3100	2.3100	2.3090	2.3090
Levy and Collections (in Thousands)										
Tax Levy	211,448	217,660	222,870	223,246	223,737	225,823	228,590	231,398	235,238	240,208
Current Collections	201,230	205,690	210,842	210,216	211,688	213,711	217,615	221,090	224,831	231,560
Percent of Levy	95.2%	94.5%	94.6%	94.2%	94.6%	94.6%	95.2%	95.5%	95.6%	96.4%
Delinquent Collections	10,074	11,166	10,783	11,620	10,484	10,779	8,724	6,874	6,908	-
Total Collections	211,304	216,855	221,625	221,836	222,171	224,490	226,339	227,964	231,739	231,560
Percent of Levy	99.9%	99.6%	99.4%	99.4%	99.3%	99.4%	99.0%	98.5%	98.5%	96.4%
Delinquent Taxes by Levy	176	805	1,502	3,030	1,566	1,333	2,251	3,434	3,499	8,648

Source: Comprehensive Annual Financial Reports of Hamilton County, Tennessee for fiscal years 2008 - 2017.

HOTEL-MOTEL OCCUPANCY PRIVILEGE TAX

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

LOCAL OPTION SALES TAX AND STATE INCOME TAX

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

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

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

PENSION PLANS

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

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

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

Employees' Pension Plan - The Employees' Pension Plan is a closed, single-employer defined benefit pension plan for County employees, other than teachers, who elected to continue in this plan when it closed to new enrollment in 1977. There were 18 retirees and beneficiaries receiving benefits from this plan at June 30, 2017.

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

Teachers' Pension Plan. The Teachers' Pension Plan is a closed, single-employer defined benefit pension plan for certain teachers who were eligible to participate in the Teachers' Plan prior to July 1, 1945. There were 2 retirees and beneficiaries receiving benefits from this plan at June 30, 2017.

Further information about TCRS and the above-mentioned pension plans is contained in Note J, Notes to Financial Statements, Hamilton County, Tennessee, Basic Financial Statements for the period ended June 30, 2017, included as Appendix A to this Official Statement.

LABOR RELATIONS

All employees of the County participate in the Federal Insurance Compensation Act (FICA). As of June 30, 2017, the County employed 1,763 full-time employees. The County has a merit system and is not a party to any collective bargaining agreements. The County has not experienced a work stoppage due to labor relation disputes and considers its relationship with employees to be satisfactory.

RISK MANAGEMENT

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

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

APPENDIX A
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017

Financial Statements for the County can be found here:

<http://www.hamiltontn.gov/CAFR/>

APPENDIX B
FORM OF OPINION
OF BOND COUNSEL

March __, 2018

Hamilton County, Tennessee
Chattanooga, Tennessee

\$ _____
Hamilton County, Tennessee
General Obligation Bonds, Series 2018A

\$ _____
Hamilton County, Tennessee
General Obligation Refunding Bonds, Series 2018B
(Recovery Zone Facility Bonds)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by Hamilton County, Tennessee (the “County”) of \$ _____ in aggregate principal amount of its General Obligation Bonds, Series 2018A dated March __, 2018 (the “Series 2018A Bonds”) and \$ _____ in aggregate principal amount of its General Obligation Refunding Bonds, Series 2018B (Recovery Zone Facility Bonds) dated March __, 2018 (the “Series 2018B Bonds” and together with the Series 2018A Bonds, the “Bonds”).

The Bonds are being issued under the laws of the State of Tennessee and pursuant to resolutions of the Board of Commissioners of the County adopted on December 20, 2017 and February 21, 2018, respectively, and the Certificate of County Mayor dated March __, 2018 (collectively, the “Resolutions”).

The proceeds of the Series 2018A Bonds are to be used for the purpose of funding (1) the payment of the principal of the County’s outstanding bond anticipation notes, (2) the costs of designing, acquiring, constructing, renovating, equipping and furnishing various school projects and other governmental projects of the County and (3) the costs of issuing the Series 2018A Bonds. The proceeds of the Series 2018B Bonds, together with unspent proceeds of the hereinafter described Series 2010A Bonds and certain other available moneys of the County, are to be used to for the purpose of refunding the County’s General Obligation Bonds, Series 2010A (Recovery Zone Facility Bonds) currently outstanding in the aggregate principal amount of \$7,475,000 (the “Series 2010A Bonds”).

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated March 29, 2018 relating to the Bonds or other offering material relating to

the Bonds, and we express no opinion relating thereto (excepting only the matters set forth as our firm's opinion in the Official Statement).

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

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

1. The Bonds are the valid and binding obligations of the County. The Bonds have been legally and validly authorized and issued in accordance with the applicable laws of the State of Tennessee. Both principal and interest are payable from the levy of a direct annual ad valorem tax, without limitation as to rate or amount, upon all taxable property, including real property, within the County subject to taxation.
2. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount property allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specified preference item for purposes of the federal alternative minimum tax. However, for the purpose of computing the alternative minimum tax imposed on certain corporations for taxable years beginning before January 1, 2018, interest on the Bonds will be included in the "adjusted current earnings" of such corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The opinions set forth in the sentences above are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.
3. Under existing laws, the Bonds and the income therefrom are exempt from all state, county and municipal taxation in the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent that interest on the Bonds is included within the measure of certain excise taxes and franchise taxes imposed under Tennessee law.

The accrual or receipt of the interest on the Bonds may otherwise affect the federal income tax liability of the recipients thereof. The extent of these other tax consequences will depend upon the recipients' particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

The rights of the owners of the Bonds and the enforceability thereof are subject, in part, to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors' rights generally, now or hereafter in effect. The rights of the owners of the Bonds and the enforcement thereof are also

subject to general equity principles which may limit the specific enforcement of certain remedies, but which do not affect the validity of the Bonds.

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

Very truly yours,

KUTAK ROCK LLP

APPENDIX C
CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

(a) This Section is included as Section 14 of the Resolution adopted by the Board of Commissioners of the County on February 21, 2018 and constitutes the written undertaking of the County for the benefit of the registered owners or beneficial owners of the Bonds (the “**Bondholders**”) required in order to allow the purchaser of the Bonds to comply with the Rule.

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

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

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

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

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

(c) Commencing with the fiscal year ending June 30, 2018, the County agrees to provide or cause to be provided the Annual Financial Information to MSRB. Such Annual Financial Information and Audited Financial Statements for each Fiscal Year shall be provided to the MSRB within nine months following the end of the County’s Fiscal Year. If Audited Financial Statements are not available on such due date, the County will provide unaudited financial statements on such date and provide Audited Financial Statements as soon as practicable thereafter.

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

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

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements, if any, reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, if any, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) Consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business or the entry into a definitive agreement to undertake such an action, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

(h) The undertaking contained in this Section 14 will be in effect from and after the issuance and delivery of the Bonds, and will extend to the earlier of (i) the date all principal and interest on the Bonds have been deemed paid pursuant to the terms of this Resolution, (ii) the date that the County no longer constitutes an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which required this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

(i) The requirements of this Section 14 may be amended from time to time by the County without the consent of the Bondholders, if such amendment would not, in and of itself, cause the undertaking herein (or action of the purchaser in reliance on the undertakings herein) to violate the Rule, as amended or officially interpreted from time to time by the SEC. The County will provide notice of such amendment to the MSRB with its Annual Financial Information.

(j) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Section 14 shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB. See <http://www.emma.msrb.org/>.

APPENDIX D
BOOK-ENTRY-ONLY SYSTEM

Book-Entry-Only System

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

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

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

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

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

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

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

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

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