

In the opinion of Adams and Reese LLP, Bond Counsel, under existing law, interest on the Bonds is includable in gross income for federal income tax purposes. Bond Counsel is also of the opinion, under existing law, that the Bonds and interest on the Bonds are exempt from all state, county, and municipal taxation in the State of Tennessee, except to the extent that interest on the Bonds is included within the measure of certain privilege and excise taxes imposed under Tennessee law. See "LEGAL MATTERS—Tax Matters" herein.

\$14,925,000
CITY OF KINGSPORT, TENNESSEE
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020 (FEDERALLY TAXABLE)

Dated: November 20, 2020

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

The \$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable) (the "Bonds") of the City of Kingsport, Tennessee (the "City") shall be issued as fully registered in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semiannually from the date thereof commencing on March 1, 2021 and thereafter on each March 1 and September 1 to the owners thereof as shown on the books and records at the designated corporate trust office of U.S. Bank National Association, Nashville, Tennessee, the registration, paying and escrow agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable by check or draft at the designated office of the Registration Agent.

The Bonds, including the principal thereof, the premium, if any, and the interest thereon, shall be payable from funds of the City legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the City without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the City, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds the full faith and credit of the City is irrevocably pledged. To the extent the proceeds of the Refunded Bonds (defined herein) were used to fund projects for the City's water and sewer system, the Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's water and sewer system.

The Bonds are subject to redemption as outlined herein.

<u>Due</u> <u>March 1</u>	<u>Bonds</u>	<u>Rate</u>	<u>Yield</u>	<u>Cusips</u>	<u>Due</u> <u>March 1</u>	<u>Bonds</u>	<u>Rate</u>	<u>Yield</u>	<u>Cusips</u>
2021	\$65,000	2.000%	0.300%	496443 XC1	2027	\$1,465,000	2.000%	1.000%	496443 XJ6
2022	110,000	2.000%	0.350%	496443 XD9	2028	1,495,000	2.000%	1.150%	496443 XK3
2023	1,355,000	2.000%	0.400%	496443 XE7	2029	1,520,000	1.300%	1.300%	496443 XL1
2024	1,380,000	2.000%	0.500%	496443 XF4	2030	1,540,000	1.450%	1.450%	496443 XM9
2025	1,415,000	2.000%	0.650%	496443 XG2	2031	1,560,000	1.650%	1.650%	496443 XN7
2026	1,430,000	2.000%	0.800%	496443 XH0	2032	1,590,000	1.750%	1.750%	496443 XP2

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

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Adams and Reese LLP, Nashville, Tennessee, Bond Counsel. Certain matters will be passed upon for the City by J. Michael Billingsley, Esq., City Attorney. The Bonds are expected to be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about November 20, 2020.

BAIRD

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

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

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

The Bonds have not been registered under the Securities Act of 1933 and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This “Official Statement” does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

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

Any CUSIP data included in this “Official Statement” is subject to Copyright, American Bankers Association (the “ABA”), and is provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed herein are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the City makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF KINGSPORT, TENNESSEE

BOARD OF MAYOR AND ALDERMEN

Patrick W. Shull	<i>Mayor</i>
Colette George	<i>Vice Mayor Alderman</i>
Jennifer Axsom Adler	<i>Alderman</i>
Betsy Cooper	<i>Alderman</i>
Darrell Duncan	<i>Alderman</i>
Tommy Olterman	<i>Alderman</i>
James Phillips	<i>Alderman</i>

OFFICIALS

Christopher W. McCartt	<i>City Manager</i>
Ryan O. McReynolds	<i>Deputy City Manager</i>
Sidney H. Cox, CMFO	<i>City Recorder/CFO</i>
Lisa E. Winkle, CPA	<i>Comptroller and Treasurer</i>
John Morris	<i>Budget Director</i>
J. Michael Billingsley, Esq.	<i>City Attorney</i>
Dr. Jeff Moorhouse	<i>Superintendent of Schools</i>

REGISTRATION, PAYING AND ESCROW AGENT

U.S. Bank National Association
Nashville, Tennessee

BOND COUNSEL

Adams and Reese LLP
Nashville, Tennessee

MUNICIPAL ADVISOR

Raymond James & Associates, Inc.
Nashville, Tennessee

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SUMMARY STATEMENT

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

- The IssuerCity of Kingsport, Tennessee (the "City"). See the section entitled "Supplemental Information Statement" (APPENDIX B) for more information.
- Securities Offered.....\$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable) (the "Bonds") of the City of Kingsport, Tennessee (the "City") which are dated November 20, 2020. The Bonds will mature on March 1, 2021 through March 1, 2032, inclusive. See the section entitled "SECURITIES OFFERED – Authority and Purpose".
- Purpose.....The Bonds are issued for the purposes of (a) providing funds to refund (i) those certain General Obligation Public Improvement Bonds, Series 2011, dated December 16, 2011, issued in the original principal amount of \$16,140,000, maturing on March 1, 2023 and thereafter, and (ii) those certain General Obligation Public Improvement Bonds, Series 2012C, dated June 22, 2012, issued in the original principal amount of \$9,305,000, maturing on April 1, 2023 and thereafter (collectively, the "Refunded Bonds"); and (b) paying costs incident to the issuance and sale of the Bonds.
- See the section entitled "SECURITIES OFFERED – Authority and Purpose" for additional information.
- SecurityThe Bonds, including the principal thereof, the premium, if any, and the interest thereon, shall be payable from funds of the City legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the City without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the City, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds the full faith and credit of the City is irrevocably pledged. To the extent the proceeds of the Refunded Bonds were used to fund projects for the City's water and sewer system, the Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's water and sewer system.
- See the section entitled "SECURITIES OFFERED – Security" for additional information.
- Optional RedemptionThe Bonds maturing March 1, 2021 through March 1, 2028, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2029, are subject to redemption prior to maturity on March 1, 2028, and at any time thereafter, at the option of the City, as a whole or in part, at the price of par, plus accrued interest to the date fixed for redemption.
- Ratings.....Moody's – "Aa2" and S&P – "AA". See the section entitled "MISCELLANEOUS – Ratings" for more information.
- Book-Entry OnlyThe Bonds will be issued under the Book-Entry-Only System. For additional information, see the section entitled "BASIC DOCUMENTATION – Book-Entry-Only System."
- UnderwriterRobert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Underwriter"). See the section entitled "MISCELLANEOUS – Competitive Public Sale" for additional information.
- Municipal Advisor.....Raymond James & Associates, Inc., Nashville, Tennessee ("Raymond James" or the "Municipal Advisor"). See the section entitled "MISCELLANEOUS - Financial Professionals".
- Bond Counsel.....Adams and Reese LLP, Nashville, Tennessee ("Bond Counsel"). See the section entitled "MISCELLANEOUS - Financial Professionals".

Registration, Paying and Escrow Agent	U.S. Bank National Association, Nashville, Tennessee (the “Registration Agent”). See the section entitled “MISCELLANEOUS - Financial Professionals”.
Verification Agent.....	Public Finance Partners LLC, Minneapolis, Minnesota (the “Verification Agent”. Also see the section entitled “SECURITIES OFFERED – Verification Agent”.
General	The Bonds are being issued in full compliance with Title 9, Chapter 21, Parts 1, 2 and 9, <u>Tennessee Code Annotated</u> , as supplemented and revised and the Resolution (defined herein) approved by the Board of Mayor and Aldermen of the City on October 6, 2020. The Bonds will be issued with CUSIP numbers through the facilities of The Depository Trust Company, New York, New York. See the section entitled “SECURITIES OFFERED – Authority and Purpose” for more information.
Tax Matters	In the opinion of Adams and Reese LLP, Bond Counsel, under existing law, interest on the Bonds is includable in gross income for federal income tax purposes. Bond Counsel is also of the opinion, under existing law, that the Bonds and interest on the Bonds are exempt from all state, county, and municipal taxation in the State of Tennessee, except to the extent that interest on the Bonds is included within the measure of certain privilege and excise taxes imposed under Tennessee law. See “LEGAL MATTERS—Tax Matters” herein.
Disclosure.....	In accordance with Rule 15c2-12 of the Securities and Exchange Commission as amended, the City will provide the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State information depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports. See the section entitled “MISCELLANEOUS - Continuing Disclosure” and “APPENDIX C: Form of the Continuing Disclosure Certificate”.
Other Information.....	The information in the “Official Statement” is deemed "final" within the meaning of Rule 15c2-12(b)(5) of the SEC (the “Rule”). For more information concerning the City or the “Official Statement”, contact Mr. Sidney H. Cox, City Recorder and Chief Financial Officer, City of Kingsport, City Hall, 225 West Center Street, Kingsport, Tennessee 37660. Telephone: 423-224-2520 or the Municipal Advisor, Raymond James & Associates, Inc., One Burton Hills Blvd. - Suite 225, Nashville, Tennessee 37215-6299, Telephone: 615-665-6920 or 800-764-1002.

\$14,925,000
CITY OF KINGSPORT, TENNESSEE

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020 (FEDERALLY TAXABLE)

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This “Official Statement” (including the Summary Statement and appendices) is furnished in connection with the offering by the City of Kingsport, Tennessee (the "City") of its \$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable) (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, Parts 1, 2 and 9 Tennessee Code Annotated, as supplemented and amended (collectively, the “Act”), and other applicable provisions of law and pursuant to a resolution (the “Resolution”) duly adopted by the Board of Mayor and Aldermen of the City (the “Governing Body”) on October 6, 2020.

The Bonds are issued for the purposes of (a) providing funds to refund (i) those certain General Obligation Public Improvement Bonds, Series 2011, dated December 16, 2011, issued in the original principal amount of \$16,140,000, maturing on March 1, 2023 and thereafter, and (ii) those certain General Obligation Public Improvement Bonds, Series 2012C, dated June 22, 2012, issued in the original principal amount of \$9,305,000, maturing on April 1, 2023 and thereafter (collectively, the “Refunded Bonds”); and (b) paying costs incident to the issuance and sale of the Bonds.

DESCRIPTION OF THE BONDS

The Bonds initially will be dated November 20, 2020. Interest on the Bonds will be payable semiannually on March 1 and September 1, commencing March 1, 2021. The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds.

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

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

Interest on the Bonds shall be payable by check or other form of draft of the Registration Agent deposited by the Registration Agent in the United States mail, first class postage prepaid, in sealed envelopes, addressed to the Owners of the Bonds, as of the applicable Interest Payment Date, at their respective addresses as shown on the registration books of the City maintained by the Registration Agent

as of the close of business on the fifteenth (15th) calendar day of the month next preceding the applicable Interest Payment Date (the “Regular Record Date”). The principal or redemption price, if any, of all Bonds shall be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Registration Agent. All payments of the principal of and interest on the Bonds shall be made in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

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

REFUNDING PLAN

General. As required by the Act, the City submitted a “Refunding Plan” (the “Plan”) to the Director of Local Government Finance (the “Director”). The Director reported directly to the City on the Plan prior to formal action by the Governing Body authorizing the sale and issuance of the Bonds.

Consistent with the City’s formal Debt Management Plan, as amended, the strategy developed in the “Refunding Plan” was to refinance the Refunded Bonds in advance of their scheduled maturities and redeem those obligations on their first optional redemption dates in order to achieve measurable annual net aggregate and net present value savings by taking advantage of more favorable interest rates in the current market without any extension of any final scheduled maturity.

Pursuant to the terms and conditions of the resolutions authorizing the Refunded Bonds and the Resolution authorizing the Bonds, a portion of the proceeds from the Bonds will be deposited into an irrevocable escrow held by U.S. Bank National Association, Nashville, Tennessee, acting in its role of escrow agent (the “Escrow Agent”) to refund the Refunded Bonds. Such funds will be invested in U.S. Treasury - State and Local Series Government Series obligations (“SLGS”). Proceeds from these investments including interest earnings thereon will be structured and sized to retire and extinguish the Refunded Bonds on their first optional redemption dates.

Refunded Bonds. Previously, the City authorized, issued and delivered the following debt obligations which will be refunded with proceeds from the Bonds:

<u>Refunded Bonds</u>	<u>Dated Date</u>	<u>Refunding Type</u>	<u>Maturities Refunded</u>	<u>Redemption Date</u>	<u>Par Amount Refunded</u>	<u>Non Refunded Maturities</u>
\$16,140,000 General Obligation Public Improvement Bonds, Series 2011	12/16/2011	Advance	03/01/2023 and thereafter	03/01/2022	\$7,010,000	03/01/2021-03/01/2022
\$9,305,000 General Obligation Public Improvement Bonds, Series 2012C	06/22/2012	Advance	04/01/2023 and thereafter	04/01/2022	\$7,295,000	04/01/2021-04/01/2022

See the sections entitled “BASIC DOCUMENTATION – Disposition of Proceeds” and “MISCELLANEOUS – Financial Professionals” for additional information.

VERIFICATION AGENT

Public Finance Partners LLC will deliver to the City, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, Public Finance Partners LLC has relied on any information provided to it by the City's retained advisors, consultants or legal counsel.

SECURITY AND SOURCE OF PAYMENT

The Bonds, including the principal thereof, the premium, if any, and the interest thereon, shall be payable from funds of the City legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the City without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the City, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds the full faith and credit of the City is irrevocably pledged. To the extent the proceeds of the Refunded Bonds were used to fund projects for the City's water and sewer system, the Bonds shall additionally be payable from, but not secured by, revenues to be derived from the operation of the City's water and sewer system.

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

REDEMPTION

Optional Redemption. The Bonds maturing March 1, 2021 through March 1, 2028, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2029, are subject to redemption prior to maturity on March 1, 2028, and at any time thereafter, at the option of the City, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to be selected by lot by the Registration Agent), at the price of par, plus accrued interest to the date fixed for redemption.

Notice of Redemption. In the event of optional redemption notice of intended redemption shall be given by the Registration Agent on behalf of the City to the Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption. Each such notice of redemption shall state: (1) the redemption date; (2) the redemption price; (3) if less than all outstanding Bonds are to be redeemed, the registered number and the CUSIP number printed on the Bonds (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date, the redemption price will become due and payable upon such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date provided sufficient funds are available on such redemption date to fully pay the redemption price of and the interest on the Bonds called for redemption; and, (5) the place where such are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registration Agent. Neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which notice was correctly given.

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

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

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

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

BASIC DOCUMENTATION

REGISTRATION AGENT

U.S. Bank National Association (the “Registration Agent”) or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the City in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

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

BOOK-ENTRY-ONLY SYSTEM

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

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Bank Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry-only changes in DTC Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of its Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (the “NSCC”, “GSCC”, “MBSCC”, and “EMCC”, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc. (the “NYSE”), the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (the “Indirect Participants” and, together with the Direct Participants, the “Participants”). DTC has S&P’s ratings: “AA+.” The rules applicable to DTC and its

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

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "beneficial owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through whom such beneficial owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Bonds, except as specifically provided in the Bonds in the event that use of the book-entry-only system is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the City or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. Beneficial owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to beneficial owners, or in the alternative, beneficial owners may wish to provide their names and addresses to the Registration Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as practicable

after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Transfers of Bonds. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent, the Municipal Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the beneficial owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the beneficial owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

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

SPECIAL RECORD DATE

Any interest on any of the Bonds which is payable but is not punctually paid or duly provided for on any Interest Payment Date on which interest is due (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by check or other form of draft of the Registration Agent to the persons in whose

names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the City shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the City shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangement satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) calendar days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) calendar days prior to the date of the proposed payment to the Owners. The Registration Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, not less than ten (10) calendar days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner at the address thereof as it appears in the registration books of the City maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any Owner arising as a result of the failure of the City to punctually pay or duly provide for the payment of principal of and interest on, the Bonds when due.

TRANSFER AND EXCHANGE

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

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SOURCES AND USES OF FUNDS

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

SOURCES OF FUNDS:

Par Amount	\$14,925,000.00
Plus: Premium	<u>465,535.40</u>
TOTAL SOURCES:	<u>\$15,390,535.40</u>

USES OF FUNDS:

Escrow Fund Deposit	\$14,991,394.51
Underwriter's Discount	276,581.07
Costs of Issuance	<u>122,559.82</u>
TOTAL USES:	<u>\$15,390,535.40</u>

DISCHARGE AND SATISFACTION OF BONDS

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

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

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

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

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

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

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

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

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BONDHOLDERS' RISKS

GENERAL

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

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions, which are often subject to discretion and delay. The enforceability of remedies or rights with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing constitutional and statutory law and judicial decisions, certain remedies specified by the Resolution may not be readily available or may be limited. The legal opinion to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

ADDITIONAL BONDS

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

COVID-19 PANDEMIC

The worldwide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to every county and most cities and towns in the State of Tennessee, including the City and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other "social distancing" measures in affected regions globally. While effects of COVID-19 on the City may be temporary, the virus has affected travel, commerce and financial markets across the world. Earlier in 2020, U.S. and global stock markets experienced significant volatility and overall declines that attributed to COVID-19 concerns leading to significant monetary and fiscal intervention into the nation's financial system by the Federal Reserve and Congress. Such monetary and fiscal intervention may continue for an indefinite period.

The City is unable to predict: (i) the extent or duration of COVID-19 or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent COVID-19 or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the City. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the City cannot accurately predict the magnitude of the impact of COVID-19 on the City, its financial condition or its credit ratings (See the section entitled "Miscellaneous – Ratings", herein). The City is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective

staffing for all essential City operations. Additionally, the City is carefully monitoring the immediate effect of COVID-19 pandemic on the City's finances during the current fiscal year. The City's largest sources of revenue come from property taxes and its local option sales and use taxes, but fees and shared revenues are also important sources of revenue for the City.

Property Taxes. Property taxes are due each year on November 1 and are delinquent on the first day of December in the same year, so all tax year 2019 taxes (Fiscal Year 2020) were required to be paid without any penalty by November 30, 2019. Unaudited actual property tax collections for Fiscal Year 2020 were more than originally budgeted and were around \$41.7 million. For Fiscal Year 2021 (tax year 2020), property taxes were budgeted at an amount less than was realized in Fiscal Year 2020 at a collection rate of 95.0%. Economic uncertainties resulting from COVID-19 may affect collections in the current year as well as in future years if the COVID-19 pandemic and resulting regional economic slowdown, unemployment or furloughs continue. For additional information, see the section entitled "Real Property Assessment, Tax Levy and Collection Procedures" in APPENDIX B: Supplemental Information Statement ("APPENDIX B").

Local Option Sales and Use Tax. All local option sales and use taxes are collected by the State and as a result, the City does not typically receive notice of the amount collected for approximately 50 days after the close of each month. With respect to sales and use tax revenues for the General Fund, Fiscal Year 2020 collections were down slightly on an unaudited basis at a little more than \$17.78 million collected versus the original budgeted amount of approximately \$17.93 million. For additional information, see the section entitled "Local Option Sales and Use Tax" in APPENDIX B).

The City also collects other tax revenues such as business taxes including State shared taxes which are expected to be materially affected by business closures and reduced economic activity resulting from the COVID-19 outbreak.

State School Funding; Other. The vast majority of all funding of the City's K-12 school system comes from the State. To date, the State has made a few reductions in such funds including, but not limited, to those for teacher pay raises in the FY 2021 school year. Other than that major reduction, the State has committed to fund the school system at the otherwise committed level.

Budget. Overall, the City's adopted a budget for Fiscal Year 2021, which commenced on July 1, 2020, anticipated approximately 6.25% less in revenue than the unaudited actual amount realized for Fiscal Year 2020. The City budgeted about a 4.71% decrease in expenditures overall in Fiscal Year 2021, compared to the Fiscal Year 2020 original budget. Given the uncertainties as to when the economy will be fully operational, any projected declines are uncertain and the ultimate amount of revenues from property taxes, local options sales and use taxes and other business taxes and fees may be less or more than what has been projected in the City's adopted budget. The City will continue to monitor the situation as it unfolds and make adjustments accordingly.

The City expects to receive federal and/or State assistance to offset its costs of addressing the COVID-19 pandemic. The City recently received State grant assistance of \$1,223,374 which will be used to offset potential revenue short-falls. The City also has been informed that it will receive approximately \$811,140 from the CARES Act of offset expenditures related to COVID-19. The Kingsport Convention and Visitors Bureau (known as "Visit Kingsport") will receive approximately \$188,000 from the CARES

Act specifically directed to assisting the City's tourism industry. The Kingsport Chamber of Commerce will receive \$120,000 through the CARES Act from the Small Business Administration to pay for accounting, legal and marketing/communications services to small businesses impacted by COVID-19. The Kingsport Area Transit System (known as "KATS") is set to receive approximately \$1,203,985 from the U.S. Department of Transportation through the CARES Act to be used for operations and capital needs of the public transit system. The Kingsport Police Department will receive \$75,845 from the U.S. Department of Justice through the CARES Act for COVID-19 related expenses. The City will also be receiving approximately \$249,332 for homeless relief efforts through a Community Development Block Grant funded through the CARES Act from the U.S. Department of Housing and Urban Development. The City also expects to be able to recover some of its direct expenditures related to COVID-19 from FEMA Public Assistance. Overall, the City cannot determine whether any decline in revenues will be mitigated, in whole or part, by and such federal or State assistance.

The City's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the City. The City also maintains reserves in several funds over and above actual annual requirements.

Various types of information regarding employment and income trends within the City are detailed in APPENDIX B. This information reflects data prior to the COVID-19 outbreak and may not be reflective of current financial conditions. For example, unemployment rates throughout the United States, including the City, have increased significantly since the COVID-19 pandemic. Furthermore, APPENDIX B lists the largest employers in the City. The COVID-19 pandemic has affected businesses throughout the United States, including businesses in the City and around the region and some of the employers listed in APPENDIX B may have been forced to reduce their employment from the levels described in APPENDIX B. The City's Fiscal Year 2021 budget does not assume any layoffs or furloughs of City employees or curtailment of key City services and none are expected. Given the fluidity of the current economic environment, the City is not able to provide sufficiently accurate updates to this information, but is closely monitoring the situation on multiple levels.

OTHER RISK FACTORS

In the future, the following additional factors, among others, may adversely affect the operations of the City to an extent that cannot be determined at this time:

- (1) The ability of the City to insure or otherwise protect itself against property damage and general liability claims due to cost or other unknown factors.
- (2) Proposals that impact the tax status of debt instruments issued by the City or limit the use of tax-exempt bonds, which have been made in the past, and which may be made again in the future. The adoption of such proposals would increase the cost to the City of financing future capital needs.

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LEGAL MATTERS

LITIGATION

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

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

There are two unrelated employment related matters that were filed with the United States Equal Employment Opportunity Commission, both of which have been dismissed by the EEOC with the finding that, "based on its investigation, the EEOC is unable to conclude that the information obtained establishes violations of the statutes." The right to sue letter in each claim was issued by the EEOC on August 17, 2020, and allows the claimants to file a lawsuit within 90 days of receipt of the notice. One matter involves an age discrimination claim based on failure to hire. The other claim is by a substitute teacher for the City school system alleging race, religion, and age discrimination and retaliation. If a lawsuit is filed in either matter, the City intends to vigorously defend the lawsuit. If either lawsuit is filed the amount of damages, if successful, is unknown.

In June, 2017, the district attorneys for the first, second, and third judicial districts of Tennessee filed a lawsuit pertaining to the opioid epidemic and alleged, among other things, that the actions of the defendants led to opioid addiction for thousands of Tennesseans. That lawsuit is entitled *Staubus, et al. v. Purdue Pharma, L.P., et al.*, Circuit Court for Sullivan County at Kingsport, Tennessee, case number C-41916, Division C.

As an outgrowth of that lawsuit, on July 16, 2018, some of the defendants filed a third party complaint against the City and other municipalities and counties in the first, second, and third judicial districts of Tennessee. That lawsuit is entitled *Endo Health Solutions Inc., et al. v. Alpha Bay, et al.*, Circuit Court for Sullivan County at Kingsport, Tennessee, case number C-41916, Division C. On July 23, 2018, the City was served with the third-party complaint. The cause of action alleged against the City is a declaratory judgment pursuant to the Tennessee Declaratory Judgment Act. There is no prayer for any monetary relief against the City. The relief requested against the City is, "For a Declaration that any judgment rendered in *Staubus, et al. v. Purdue Pharma, L.P., et al.*, must fully and forever bind the Public Entity Third-Party Defendants regardless of who purports to represent them, the form of the claim filed, or the forum in which the claim has been filed".

On August 7, 2018, a hearing was held on a motion to dismiss the third party complaint filed against the City. The court granted the motion to dismiss the third party complaint, and the City is no longer subject to this suit. There is a possibility of an appeal in the future.

The City has coverage through the Tennessee Municipal League Risk Management Pool for compensatory damages in civil rights claims up to \$5,000,000. Ultimately, the City pays for this coverage, as it is self-insured. The charter of the City provides the following pertaining to coverage for its employees:

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

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

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

REMEDIES OF BONDHOLDERS

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

- (1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or
- (2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

TAX MATTERS

In the opinion of Adams and Reese LLP, as Bond Counsel, under existing law, interest on the Bonds is includable in gross income for federal income purposes. **Interest on the Bonds (including any original issue discount treated as interest) will be fully subject to federal income taxation.**

Prospective purchasers of the Bonds should be aware that purchase, ownership and disposition of the Bonds may result in income tax consequences to particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws. Prospective purchasers of the Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Bonds.

Bond Counsel is not responsible for updating its opinion in the future. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation. From time to time, there are legislative proposals in Congress or in the various states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the market value of the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any proposed or pending legislation, regulatory initiatives or litigation.

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

A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. Purchasers of any Bond having original issue discount should consult their own tax advisors regarding the tax treatment of original issue discount.

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

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

The form of the opinion of Bond Counsel is attached as “APPENDIX A - Form of Legal Opinion”. Copies of the legal opinion will be available at the time of the initial delivery of the Bonds.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the “Official Statement”, in final form (as defined herein), signed by the Mayor and other officials acting in their official capacities to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the “Official Statement”, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the “Official Statement”, in final

form, no event has occurred which should have been set forth in such a memo or supplement, and (c) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the officials acting in their official capacities evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor, City Recorder and/or other officials of the City acting in their official capacities certifying as to the due execution of the Bonds; and (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

For additional information, see the section entitled “MISCELLANEOUS – Competitive Public Sale”, “MISCELLANEOUS - Additional Information”, “MISCELLANEOUS - Continuing Disclosure” and “APPENDIX A: Form of Legal Opinion”.

APPROVAL OF LEGAL PROCEEDINGS

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

Certain other matters will be passed upon for the City by J. Michael Billingsley, Esq., City Attorney.

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MISCELLANEOUS

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, Inc. ("S&P") have assigned the Bonds the ratings of "Aa2" and "AA", respectively.

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

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

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on November 9, 2020. Details concerning the public sale were provided to potential bidders and others through the "Official Notice of Sale" and the "Preliminary Official Statement" that were dated October 29, 2020.

Through IHS Markit's IPREO BiDCOMP®/Parity® system, eight of the original 11 firms which indicated an interest in bidding for the Bonds submitted proposals ranging from the best bid of 1.544778% on a true interest cost basis ("TIC") to 1.819656%.

The successful bidder for the Bonds was an account led by Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Underwriter") who contracted with the City, subject to the conditions set forth in the "Official Notice of Sale" (including permitted adjustments) to purchase the Bonds at a price of \$15,113,954.33 (consisting of the par amount of the Bonds of \$14,925,000.00, plus a premium of \$465,535.40, less an underwriter's discount of \$276,581.07) or a bid price of 101.266% of par.

FINANCIAL PROFESSIONALS

Municipal Advisor. Raymond James & Associates, Inc., ("Raymond James") Nashville, Tennessee has served as Municipal Advisor to the City in connection with the Bonds and will receive compensation for duties performed in that role conditioned upon the sale and issuance of the Bonds. From time to time, Adams and Reese LLP has represented Raymond James on legal matters unrelated to the City and may do so again.

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

Investments. Among other services, Raymond James also assists local jurisdictions in the investment of idle funds and may serve in various other capacities. If the City chooses to use one or more

of these other services, then Raymond James may be entitled to separate compensation for such services which may be shared with other divisions of the firm. Whether such fees are shared or not, the standard fees will be the same. On prior occasions, Raymond James may have served the City in such a capacity may do so again in the future.

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

DEBT LIMITATIONS

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

ADDITIONAL DEBT OBLIGATIONS

On October 30, 2020, the City issued \$2,000,000 General Obligation School Capital Outlay Notes, Series 2020 (the “Notes”) to a local bank funded over 12 years for the acquisition of building improvements related to its School System. Other than the Notes, the City has not authorized and does not intend to issue any additional debt during Fiscal Year 2021. On an annual basis, the City considers and adopts a five year formal capital improvement plan (the “CIP”) which includes certain projects that may be funded with debt obligations.

OFFICIAL STATEMENT

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

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

CONTINUING DISCLOSURE

At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each of the City’s fiscal years, (the “Annual Report”), commencing with the fiscal year ending June 30, 2020 and to provide notice of the occurrence of certain enumerated events, if determined by the City to be material under applicable federal securities laws. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the

Electronic Municipal Market Access system (“EMMA”) and any State Information Depository established in the State of Tennessee (the “SID”). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of material events will be summarized in the City's “Official Statement” to be prepared and distributed in connection with the sale of the Bonds. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12 (b) (the "Rule"). The City has not failed to comply, in any material respect, in the last five years with any previous undertakings with regard to said Rule to provide Annual Reports or notices of events.

Pursuant to the amendment to the Rule which became effective on February 27, 2019, the Chief Financial Officer and City Recorder of the City was briefed on the additional notice requirements and the importance of compliance with the Rule. The Chief Financial Officer and City Recorder will coordinate and annually review all of the City’s required filings with the City’s Dissemination Agent. Raymond James & Associates is the initial Dissemination Agent. See “APPENDIX C: Form of Continuing Disclosure Certificate” for additional information.

ADDITIONAL INFORMATION

References, excerpts and summaries contained herein of certain provisions of the laws of the State and any documents referred to herein do not purport to be complete statements of the provisions for such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the holders thereof. The “Preliminary Official Statement” and the “Official Statement” in final forms, and any advertisement of the Bonds are not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the “Preliminary Official Statement” and the “Official Statement”, in final forms, involving matters of opinion or of estimates, whether or not expressly so identified, is intended merely as such and not representations of fact.

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

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CERTIFICATION OF THE CITY

At the time of payment for and delivery of the Bonds, the City will furnish the purchaser a certificate, signed by the Mayor and City Recorder/CFO, to the effect that (a) the descriptions and statements of or pertaining to the City contained in its “Official Statement” and any addendum thereto, for its Bonds, on the date of such “Official Statement”, on the date of sale of the Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such “Official Statement” did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data of or pertaining to entities other than the City, and their activities contained in such “Official Statement” are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since June 30, 2019, the date of the last audited financial statements of the City, the electronic link to which appears in “APPENDIX D: Comprehensive Annual Financial Report”.

/s/ Patrick W. Shull
Mayor

ATTEST:

/s/ Sidney H. Cox
Chief Financial Officer and City Recorder

APPENDIX A

FORM OF LEGAL OPINION

Attorneys at Law

Alabama
Florida
Georgia
Louisiana
Mississippi
South Carolina
Tennessee
Texas
Washington, DC

Office: 615-259-1450
Fax: 615-259-1470

November 20, 2020

Board of Mayor and Aldermen
City of Kingsport, Tennessee

Re: \$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with, and have examined a certified copy of the record of the proceedings of the Board of Mayor and Aldermen (the “Board”) of the City of Kingsport, Tennessee (the “City”), and other proofs submitted to us relating to the authorization, issuance and sale by the City of its \$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable), dated the date of original issuance and delivery (the “Bonds”), the proceeds of which will be used to refund the City’s outstanding (i) General Obligation Public Improvement Bonds, Series 2011, dated December 16, 2011, issued in the original aggregate principal amount of \$16,140,000, maturing on March 1, 2023 and thereafter; and (ii) General Obligation Public Improvement Bonds, Series 2012C, dated June 22, 2012, issued in the original principal amount of \$9,305,000, maturing on April 1, 2023 and thereafter (collectively, the “Refunded Bonds”). The Bonds are issued under and pursuant to that certain “Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$15,300,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable) of the City of Kingsport, Tennessee, and Providing the Details Thereof” (the “Resolution”), adopted by the Board on October 6, 2020.

The Bonds are issuable in definitive form as fully registered Bonds, without coupons, are numbered from one upwards, and mature serially on March 1 of the years 2021 through 2032. The Bonds will bear interest payable semiannually on March 1 and September 1 of each year, commencing March 1, 2021.

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

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

(1) Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Constitution and laws of the State of Tennessee as now in force, including

particularly Title 9, Chapter 21, Tennessee Code Annotated, as amended, and the Resolution according to its terms, and that the Resolution is valid and binding on the City, enforceable in accordance with its terms.

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

(3) Interest on the Bonds is includable in gross income for federal income tax purposes.

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

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

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

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

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

Yours truly,

ADAMS AND REESE LLP

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

Kingsport occupies an area of approximately 53 square miles in the northeastern portion of Tennessee. The City is 25 miles northwest of Johnson City and about 23 miles from Bristol, Tennessee/Virginia. Kingsport is the largest City in the Kingsport – Bristol, TN – Bristol, VA Metropolitan Statistical Area, with a population of 306,659 according to 2017 U.S. Census population estimates. Approximately 173,700 people reside within a five mile radius of the city limits.



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

Census Population	Kingsport⁽¹⁾	% Increase	Sullivan County	% Increase	Hawkins County	% Increase	Tennessee	% Increase
2019	54,127	12.29%	158,348	0.95%	56,786	0.21%	6,829,174	7.6%
2010	48,205	7.35%	156,855	2.57%	56,671	5.55%	6,346,105	11.5%
2000	44,905	6.02%	152,921	6.49%	53,689	20.47%	5,689,283	16.7%
1990	36,385	32.25%	143,596	(0.26%)	44,565	1.86%	4,877,185	6.2%
1980	32,027	2.79%	143,968	12.83%	43,751	29.72%	4,591,120	16.9%
1970	31,938	21.37%	127,602	11.56%	33,726	10.69%	3,926,018	10.1%

⁽¹⁾ For 2019, estimated by the U.S. Bureau of the Census. Last year of complete data for all jurisdictions.

GENERAL

The City was incorporated in 1917 and has been operated under the Council- Manager form of government since that time. The Board of Mayor and Aldermen (the “Governing Body”) was expanded from five to seven members through a charter amendment effective May 15, 1973. In odd numbered years, three members of the Board are elected by the qualified voters of the City for four-year terms beginning at the first regular meeting of the Board in July following the May election. Coincident with the Board elections, a Mayor is elected by the qualified voters of the City to a two-year term beginning at the first regular meeting of the Board in July following the election. The Board appoints a City Manager who is responsible for the administration of the City according to the Charter and Ordinances in effect. The City Manager appoints various department heads, officials and employees except those who operate and administer the City’s School System. The City’s School System is governed by a five-member Board of Education. In each odd numbered year, two or three members are elected by the qualified voters of the City. The Board of Education is

responsible for the hiring of a Director of Schools and other personnel, formulating policies and operating the school system within the framework of state statutes, the City Charter and City Code.

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

For additional information on the City, see the website: <http://www.kingsporttn.gov/>

EDUCATIONAL OPPORTUNITIES

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

Kingsport City Schools. The Kingsport City School system is governed by a five member board elected-at-large on a non-partisan basis. The Board operates 8 elementary schools, 2 middle schools and a high school. Additionally, there are several specialized education programs including the Cora Cox Academy which is an alternative learning facility for students in grades 6 through 12 and the Palmer Early Learning Center provides early educational opportunities for children from birth through the age of 5.

Source: Kingsport City School website: <http://www.k12k.com/>

School Enrollment:	
FYE 2020	7,599
FYE 2019	7,446
FYE 2018	7,426
FYE 2017	7,622
FYE 2016	7,403
FYE 2015	7,298
FYE 2014	7,258
FYE 2013	7,045
FYE 2012	6,872
FYE 2011	6,876

Source: City of Kingsport School System

Sullivan County Schools. The Sullivan County School system includes 24 schools composed of 11 elementary schools; 9 middle schools and 4 high schools.

Source: Sullivan County Department of Education website: <http://www.sullivank12.net/schools/>

Downtown Kingsport Academic Village. The Academic Village is comprised of the Kingsport Center for Higher Education, the Regional Center for Advanced Manufacturing, the Regional Center for Health Professions, the Regional Center for Applied Technology and the Regional Center for Automotive Programs. The Academic Village boasts nearly 150,000 square feet of classrooms and labs and serves approximately 4,000 students. Oversight of the Academic Village has been provided by a 12-member Kingsport Higher Education Commission created by the City to coordinate overall development of future programs.

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

Advanced Manufacturing Center (“RCAM”). RCAM is Northeast State Community College’s advanced technology center. RCAM is housed in a 26,000 square foot training facility located in downtown Kingsport. The focus for RCAM is on teaching traditional and non- traditional students and current employees advanced manufacturing skills using the latest manufacturing simulators and techniques. In 2016, RCAM added additional classrooms and lab space totaling approximately 15,000 square feet.

The Regional Center for Health Professions (“RCHP”). RCHP is Northeast State Community College’s health professions center. RCHP is housed in a 42,000 square facility focusing on Cardiovascular Technology - Invasive Option, Cardiovascular Technology - Non-Invasive Option, Dental Assisting, Emergency Medical Technology, Advanced Emergency Medical Technology, Medical Laboratory Technology, Nursing, Paramedic, and Surgical Technology.

The Regional Center for Automotive Programs (“RCAP”). RCAP is Northeast State’s training program focusing on automotive body/collision repair.

HEALTH CARE

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

Source: BalladHealth.org

Holston Medical Group (“HMG”). Since Holston Medical Group’s founding in 1977, the HMG "Family of Care" has grown from a handful of family practitioners to a comprehensive, diversified group of nearly 150 primary care physicians, specialists and mid- level providers, with 24-hour medical /surgical coverage. Located in Kingsport, HMG is one of the largest, most-respected, physician-led, multi-specialty groups in the southeastern United States.

Source: Holston Medical Group website: <http://www.holstonmedicalgroup.com/>

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

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MANUFACTURING, COMMERCE AND THE LOCAL ECONOMY

General. While the effects of the COVID-19 pandemic have dampened participation in 2020, Kingsport continues to maintain a strong focus on economic diversification with a particular emphasis on sports tourism. In recent years, thousands have visited Kingsport for numerous sporting tournaments and other events recruited and hosted by the Kingsport Convention & Visitors Bureau. Other major tourism dollars were contributed from attendance at major events including NASCAR races at Bristol Motor Speedway and various conferences and events held at the Meadowview Conference and Convention Center and Kingsport's Aquatic Center. Additionally a week long FunFest Summer Festival brings in over tens of thousands of visitors.

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

For additional information, see Eastman's website: <http://www.eastman.com/Company/Pages/Home.aspx>

Two decades ago, Eastman Chemical accounted for approximately 40% of all property tax valuation in the City. Currently, that ratio is in the range of 24.1%, largely due to the growth of commercial, medical, retail and residential sectors.

RECENT DEVELOPMENTS

Domtar. In August 2020, Domtar, a maker for uncoated freesheet paper, announced that it would close its mill and converting center in Kingsport that has been in operation since 1916. The mill employed 300 local jobs until it was idled temporarily in the spring. Associated with the closure however, Domtar announced that it would convert the existing paper machine to enter the linerboard market. According to news accounts, linerboard is the flat facings of corrugated container board used in packaging. The repurposed facility is expected to result in an investment of approximately \$300 to \$350 million and employ not less than 140 when it becomes fully operational in the early part of 2023.

Source: Kingsport Times-News, Wednesday, August 12, 2020.

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

The Aerospace Park is designed to accommodate various types and sizes of aircraft

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

Since 2001, more than \$23 million has been invested in site preparation, utilities installation, taxiway extensions, aircraft ramp, and roads that serve the Aerospace Park. In 2014, a bordering road was relocated, and a taxiway was extended. These improvements resulted in providing airside and landside access to the entire 160-acre site. Twenty-one acres of the site are fully prepared and certified for immediate development under the Select Tennessee Sites certification program.

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

Ware Manufacturing, a pet products manufacturer, announced it will create 32 jobs and invest \$1.1 million.

HSN Distribution Center announced that it would continue its recent investment and job creation trend. The Home Shopping Network’s warehouse and fulfillment operation invested about \$48 million in a highly automated storage and retrieval system and added 40 jobs in a 2014 project. The company followed up this year by adding another equipment upgrade at a cost of just under \$10 million, creating 165 additional positions.

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

Homeland Vinyl. Homeland Vinyl announced the addition of 50,000 square feet and 50 employees.

Techni-Glass. Techni-Glass announced a \$1.5 million expansion. The 15,000-square foot addition will make room for new equipment and the addition of 54 new employees.

Landair. Landair, one of the largest expansions in terms of employment numbers actually came courtesy of a Greeneville-based company. Although the company is based in nearby Greene County, the jobs created were at the company’s Kingsport distribution hub. Company officials notified the state of Tennessee that they would add 210 jobs to their Sullivan County workforce.

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

Source: City of Kingsport

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

OTHER NOTABLE DEVELOPMENT

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

Fort Henry Mall. Hull Property Group has invested \$4.6 million into a total facelift with bright lights, clear lines, and an inviting retail experience. NCG Theater and Dunham's Sports have joined the line-up. The investment has been well-received by the community and stabilized an important cornerstone of the city's retail offerings.

Downtown Redevelopment. Appraised property values increased \$29.5 million during the past 5 to 6 years. This increase in values does not include non-taxable investments like higher education, parks, Farmers Market, etc.

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

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

- *Villas at Riverbend.* This multi-family housing development includes 265 units adjoining a future municipal park with more than 26 acres of riverfront access.
- *The Overlook at Indian Trail.* This multi-family housing development includes 168 units adjoining the 9-mile Kingsport Greenbelt.
- *Town Park Lofts.* This multi-family housing development includes 262 urban loft units in a 4-story downtown mixed-use complex that is unique in the region.
- *Retreat at MeadowView.* This multi-family housing development includes 72 units near MeadowView Resort, Cattails Golf, YMCA and the Aquatic Center.

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EMPLOYMENT - GENERAL

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

<u>Location</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
United States	5.3%	4.9%	4.4%	4.9%	4.4%
Tennessee	5.6%	4.7%	3.8%	3.5%	3.4%
Sullivan County	5.8%	5.2%	4.1%	3.7%	3.7%
✓ County Workforce	69,918	69,521	69,799	70,347	70,979
✓ County Employment	64,926	65,937	66,959	67,740	68,347
✓ County Unemployment	3,992	3,584	2,840	2,607	2,632
Kingsport	6.3%	5.4%	4.6%	5.4%	4.6%

Source: Tennessee Department of Labor and Workforce Development, Annual Averages - Labor Force and Nonfarm Employment - Estimates 2015 – 2019, May 2020 and the City

PRINCIPAL EMPLOYERS FOR THE FISCAL YEARS NOTED						
Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eastman	6,500	1	9.3%	6,525	1	8.5%
Ballad Health/Holston Valley Comm Hospital	1,674	2	2.4%	2,624	2	3.4%
Kingsport City Schools	1,132	3	1.6%	1,013	4	1.3%
BAE SYSTEMS Ordnance Systems, Inc.	978	4	1.4%	542	10	0.7%
City of Kingsport	776	5	1.1%	736	9	1.0%
Eastman Credit Union	613	6	0.9%	N/A	n/a	n/a
Partner Industrial - (preliminary)	600	7	0.9%	N/A	n/a	n/a
Holston Medical Group	552	8	0.8%	815	7	1.1%
Ballad Health/Indian Path Comm Hospital	466	9	0.7%	845	6	1.1%
TEC Industrial Maintenance & Construction	394	10	0.6%	N/A	n/a	n/a
Brock	N/A			1,550	3	2.0%
Jacobs	N/A			866	5	1.1%
Wal-Mart	N/A			789	8	1.0%
	<u>13,685</u>		<u>19.5%</u>	<u>16,305</u>		<u>21.0%</u>
Total Sullivan County Employment:						
FYE 2020 (preliminary)	70,232					
FYE 2011	76,780					

Source: NETWORKS/Sullivan Partnership and Employers

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ECONOMIC DATA

The following chart shows estimated per capita personal income trends for the most recent five year period for the nation, State, Sullivan County and the City.

<u>Location</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
National	\$44,438	\$46,494	\$48,451	\$49,870	\$51,885	\$54,446
Tennessee	\$39,312	\$40,128	\$42,128	\$43,726	\$44,950	\$46,900
Sullivan County	\$37,044	\$37,571	\$38,799	\$39,870	\$40,810	\$42,606
Kingsport	\$34,975	\$35,264	\$35,912	\$37,322	\$38,823	n/a
County vs. National	83.6%	80.8%	80.1%	80.0%	78.7%	78.3%
County vs. TN	94.2%	93.6%	92.1%	91.2%	90.8%	90.8%
City vs. National	78.7%	76.6%	75.3%	75.9%	74.8%	n/a
City Vs. TN	89.0%	87.2%	85.4%	86.1%	86.3%	n/a

Source: U.S. Department of Commerce, Bureau of Economic Analysis – CA1-3 and SA1 Personal Income Summary

The following chart depicts building permit activity in the City from fiscal year 2011 through 2020:

<u>FYE</u>	<u>Permits Issued</u>	<u>Estimated Value</u>
2020	739	\$72,795,973
2019	492	101,460,761
2018	518	125,319,037
2017	551	115,441,000
2016	606	87,070,000
2015	1,367	82,349,000
2014	600	128,262,000
2013	632	61,991,466
2012	741	75,196,403
2011	531	65,620,983

Source: City of Kingsport, Tennessee

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CITY OF KINGSPORT
DEBT STRUCTURE - SUMMARY OF BONDED INDEBTEDNESS
As of June 30, 2020 Plus the Bonds

Amount Issued ⁽¹⁾	Issue	General ⁽²⁾	Water	Sewer	Meadow View	Aquatic Center	Cattails Golf	Solid Waste	Storm Water	Date	Rates
\$ 3,524,680	Qualified Zone Academy Bonds, Series 2004	\$ 220,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2021	0.000%
1,549,000	Qualified Zone Academy Bonds, Series 2005	103,267	-	-	-	-	-	-	-	2021	0.000%
9,698,196	TMBF Loan, Series 2008	-	4,148,196	-	-	-	-	-	-	May 2026	Variable
1,240,000	QSCB Loan 2009 (Schools)	472,708	-	-	-	-	-	-	-	July 2026	1.515%
16,140,000	General Obligation Public Improvement Bonds, Series 2011	7,760,892	1,726,218	1,741,643	-	115,588	-	-	285,658	March 2032	2.000 - 3.750%
3,110,000	General Obligation Bonds, Series 2012A	-	-	-	-	2,250,000	-	-	-	April 2032	2.000 - 5.000%
4,878,105	General Obligation Public Improvement Bonds, Series 2012C	2,908,096	854,675	1,210,789	-	-	374,553	311,886	-	April 2032	2.000 - 4.000%
12,177,052	General Obligation Refunding Bonds, Series 2013	6,484,206	145,000	13,500,000	-	-	-	70,794	-	March 2032	2.500 - 4.000%
1,310,000	General Obligation Bonds, Series 2013A	-	-	-	-	1,005,000	-	-	-	March 2034	3.000 - 4.000%
27,510,000	General Obligation Improvement Bonds, Series 2013B	10,248,854	3,258,319	7,301,248	-	-	-	221,580	-	March 2034	2.000 - 5.000%
15,605,000	General Obligation Public Improvement Bonds, Series 2014A	11,262,166	-	-	-	-	-	2,017,834	-	Sept. 2034	2.000 - 5.000%
9,300,000	General Obligation Public Improvement Bonds, Series 2014B	-	2,248,841	5,446,159	-	-	-	-	-	Sept. 2034	2.000 - 5.000%
13,235,098	State Revolving Fund Loan (SRF Loan) - DWF 2014-140	-	11,921,785	-	-	-	-	-	-	August 2037	1.78%
17,695,000	General Obligation Refunding Bonds, Series 2015	16,020,000	-	-	-	-	-	-	-	March 2028	2.000 - 4.000%
15,105,000	General Obligation Refunding and Improvement Bonds, Series 2015A	5,919,034	1,636,098	3,544,868	-	-	-	-	-	March 2036	2.000 - 4.000%
16,580,000	General Obligation Refunding Bonds, Series 2016A	6,350,124	-	-	8,450,743	-	-	-	394,134	March 2029	2.000 - 4.000%
13,360,000	General Obligation Refunding Bonds, Series 2016B	4,211,837	-	-	-	8,783,163	-	-	-	March 2030	2.000 - 4.000%
21,335,000	General Obligation Public Improvement Bonds, Series 2016	6,908,501	2,909,934	6,141,362	2,885,203	-	-	-	-	March 2036	2.000 - 4.000%
14,855,000	General Obligation Public Improvement Bonds, Series 2017A	13,597,540	-	-	-	152,460	-	-	-	March 2037	2.000 - 5.000%
11,250,000	General Obligation Public Improvement Bonds, Series 2017B	-	1,077,877	9,312,123	-	-	-	-	-	March 2037	2.000 - 5.000%
7,040,000	General Obligation Improvement Bonds, Series 2018A	6,755,000	-	-	-	-	-	-	-	March 2038	3.000 - 5.000%
5,275,000	General Obligation Improvement Bonds, Series 2018B	-	3,826,930	1,263,070	-	-	-	-	-	March 2038	3.000 - 5.000%
2,360,000	General Obligation Improvement Bonds, Series 2018C	-	-	-	-	2,265,000	-	-	-	March 2038	3.000 - 5.000%
14,100,000	General Obligation Refunding Bonds, Series 2019	7,377,514	2,159,377	3,239,067	542,374	295,809	-	161,953	323,907	March 2030	5.000%
856,000	HUD - 108 Loan	469,000	-	-	-	-	-	-	-	August 2030	2.200 - 4.480%
5,000,000	Energy Efficiency School Initiative Loan 822-00	1,874,308	-	-	-	-	-	-	-	November 2024	0.750%
18,615,000	General Obligation Improvement Bonds, Series 2019	8,906,518	5,730,508	3,421,614	324,543	-	231,817	-	-	March 2040	2.500 - 5.000%
\$ 282,703,131	Total Existing Debt	\$ 117,849,857	\$ 41,643,758	\$ 56,121,943	\$ 12,202,863	\$ 14,867,020	\$ 606,370	\$ 2,784,047	\$ 1,003,699		
14,925,000	General Obligation Refunding Bonds, Series 2020 (Federally Taxable)	9,255,000	2,345,000	2,640,000	-	105,000	325,000	-	255,000		
(14,112,635)	Less: Bonds Refunded ⁽³⁾	(8,674,260)	(2,240,297)	(2,532,715)	-	(99,281)	(320,725)	-	(245,357)		
\$ 283,515,496	Total Existing / Proposed Debt (Net)	\$ 118,430,597	\$ 41,748,461	\$ 56,229,228	\$ 12,202,863	\$ 14,872,739	\$ 610,645	\$ 2,784,047	\$ 1,013,342		
	Less: Debt Service Fund	(468,479)									
	Net Direct Debt	<u>\$ 117,962,118</u>									

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

(2) Does not include \$2,000,000 General Obligation Capital Outlay Notes, Series 2020 issued in late October 2020.

(3) For details on the Bonds refunded, see the section entitled "SECURITIES OFFERED - Refunding Plan".

**CITY OF KINGSPORT
INDEBTEDNESS AND DEBT RATIOS**

INTRODUCTION

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

INDEBTEDNESS	2011	2012	2013	2014	2015	2016	2017	2018 ⁽¹⁾	2019	2020	2020 - 2021 After Issuance
TAX SUPPORTED											
General Obligation Bonds ⁽²⁾	\$ 109,060,780	\$ 116,753,130	\$ 124,047,448	\$ 131,824,589	\$ 127,542,389	\$ 130,586,519	\$ 129,016,199	\$ 129,230,026	\$ 120,483,171	\$ 117,849,857	\$ 118,430,597
TOTAL TAX SUPPORTED	\$ 109,060,780	\$ 116,753,130	\$ 124,047,448	\$ 131,824,589	\$ 127,542,389	\$ 130,586,519	\$ 129,016,199	\$ 129,230,026	\$ 120,483,171	\$ 117,849,857	\$ 118,430,597
REVENUE SUPPORTED											
Water & Sewer Bonds, Loans, Regional Sales											
Tax Supported Debt and Storm Water Bonds ⁽³⁾	\$ 113,553,142	\$ 109,222,397	\$ 114,405,723	\$ 115,243,589	\$ 111,930,196	\$ 107,901,965	\$ 114,120,807	\$ 126,906,142	\$ 125,477,882	\$ 129,229,700	\$ 129,461,325
TOTAL REVENUE SUPPORTED	\$ 113,553,142	\$ 109,222,397	\$ 114,405,723	\$ 115,243,589	\$ 111,930,196	\$ 107,901,965	\$ 114,120,807	\$ 126,906,142	\$ 125,477,882	\$ 129,229,700	\$ 129,461,325
TOTAL DEBT	\$ 222,613,922	\$ 225,975,527	\$ 238,453,171	\$ 247,068,178	\$ 239,472,585	\$ 238,488,484	\$ 243,137,006	\$ 256,136,168	\$ 245,961,053	\$ 247,079,557	\$ 247,891,922
Less: Revenue Supported Debt	(113,553,142)	(109,222,397)	(114,405,723)	(115,243,589)	(111,930,196)	(107,901,965)	(114,120,807)	(126,906,142)	(125,477,882)	(129,229,700)	(129,461,325)
Less: Debt Service Fund Balance ⁽⁴⁾	(1,230,382)	(148,495)	(139,984)	(144,635)	(224,584)	(340,307)	(652,554)	(362,879)	(420,662)	(468,479)	(468,479)
NET DIRECT DEBT	\$ 107,830,398	\$ 116,604,635	\$ 123,907,464	\$ 131,679,954	\$ 127,317,805	\$ 130,246,212	\$ 128,363,645	\$ 128,867,147	\$ 120,062,509	\$ 117,381,378	\$ 117,962,118
OVERLAPPING DEBT⁽⁵⁾	\$ 34,258,402	\$ 40,011,367	\$ 37,247,011	\$ 37,743,320	\$ 40,097,107	\$ 38,598,913	\$ 141,720,520	\$ 89,310,830	\$ 86,582,527	\$ 86,582,527	\$ 86,582,527
NET DIRECT & OVERLAPPING DEBT	\$ 142,088,800	\$ 156,616,002	\$ 161,154,475	\$ 169,423,274	\$ 167,414,912	\$ 168,845,125	\$ 270,084,165	\$ 218,177,977	\$ 206,645,036	\$ 203,963,905	\$ 204,544,645
PROPERTY TAX BASE⁽⁶⁾											
Estimated Actual Value	\$ 5,305,111,318	\$ 5,604,513,479	\$ 5,763,618,186	\$ 5,784,231,432	\$ 5,816,219,071	\$ 5,734,328,781	\$ 5,968,712,220	\$ 6,128,818,929	\$ 6,249,357,353	\$ 6,905,663,769	\$ 6,905,663,769
Appraised Value	5,305,111,318	5,288,268,400	5,763,618,186	5,784,231,432	5,613,233,025	5,534,200,707	4,760,404,164	6,128,818,929	6,249,357,353	\$ 6,086,880,186	6,086,880,186
Assessed Value	1,641,584,382	1,643,256,206	1,678,554,710	1,785,012,769	1,795,858,120	1,771,157,587	1,784,915,122	1,885,882,539	1,919,442,436	1,878,156,270	1,878,156,270
Source: Tennessee Tax Aggregate Reports.											

⁽¹⁾ Beginning in FY 2018, treats solid waste debt as self-supported by the general fund since it is not self-supporting as is storm water debt. See the storm water debt schedule herein.

⁽²⁾ Does not include compensated absences, capitalized leases or contingent liabilities. See the Notes to the Financial Statements accessible as indicated in APPENDIX D for additional details.

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

⁽⁴⁾ Best available information for FYE 2020 and After Issuance

⁽⁵⁾ OVERLAPPING DEBT Includes the City's estimated portion of Sullivan County's debt and Hawkins County's debt - best available information includes estimates. Best available information for FYE 2020 and After Issuance.

**INDEBTEDNESS AND DEBT RATIOS
As of June 30, 2020 Plus the Bonds**

<u>DEBT RATIOS</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018⁽¹⁾</u>	<u>2019</u>	<u>2020</u>	<u>After Issuance</u> <u>2020 - 2021</u>
TOTAL DEBT to Estimated Actual Value	4.20%	4.03%	4.14%	4.27%	4.12%	4.16%	4.07%	4.18%	3.94%	3.58%	3.59%
TOTAL DEBT to Appraised Value	4.20%	4.27%	4.14%	4.27%	4.27%	4.31%	5.11%	4.18%	3.94%	4.06%	4.07%
TOTAL DEBT to Assessed Value	13.56%	13.75%	14.21%	13.84%	13.33%	13.47%	13.62%	13.58%	12.81%	13.16%	13.20%
NET DIRECT DEBT to Estimated Actual Value	2.03%	2.08%	2.15%	2.28%	2.19%	2.27%	2.15%	2.10%	1.92%	1.70%	1.71%
NET DIRECT DEBT to Appraised Value	2.03%	2.20%	2.15%	2.28%	2.27%	2.35%	2.70%	2.10%	1.92%	1.93%	1.94%
NET DIRECT DEBT to Assessed Value	6.57%	7.10%	7.38%	7.38%	7.09%	7.35%	7.19%	6.83%	6.26%	6.25%	6.28%
OVERLAPPING DEBT to Estimated Actual Value	0.65%	0.71%	0.65%	0.65%	0.69%	0.67%	2.37%	1.46%	1.39%	1.25%	1.25%
OVERLAPPING DEBT to Appraised value	0.65%	0.76%	0.65%	0.65%	0.71%	0.70%	2.98%	1.46%	1.39%	1.42%	1.42%
OVERLAPPING DEBT to Assessed Value	2.09%	2.43%	2.22%	2.11%	2.23%	2.18%	7.94%	4.74%	4.51%	4.61%	4.61%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	8.66%	9.53%	9.60%	9.49%	9.32%	9.53%	15.13%	11.57%	10.77%	10.86%	10.89%
<u>PER CAPITA DEBT RATIOS</u>											
POPULATION ⁽²⁾	47,852	48,399	50,561	51,876	52,835	52,898	53,374	54,076	54,127	54,127	54,127
PER CAPITA PERSONAL INCOME ⁽³⁾	\$ 31,697	\$ 32,390	\$ 34,975	\$ 35,264	\$ 35,912	\$ 37,138	\$ 38,369	\$ 40,042	\$ 40,042	\$ 40,042	\$ 40,042
Estimated Actual Value to POPULATION	\$ 110,865	\$ 115,798	\$ 113,993	\$ 111,501	\$ 110,083	\$ 108,404	\$ 111,828	\$ 113,337	\$ 115,457	\$ 127,583	\$ 127,583
Assessed Value to POPULATION	\$ 34,305	\$ 33,952	\$ 33,199	\$ 34,409	\$ 33,990	\$ 33,483	\$ 33,442	\$ 34,875	\$ 35,462	\$ 34,699	\$ 34,699
Total Debt to POPULATION	\$ 4,652	\$ 4,669	\$ 4,716	\$ 4,763	\$ 4,532	\$ 4,508	\$ 4,555	\$ 4,737	\$ 4,544	\$ 4,564.81	\$ 4,580
Net Direct Debt to POPULATION	\$ 2,253	\$ 2,409	\$ 2,451	\$ 2,538	\$ 2,410	\$ 2,462	\$ 2,405	\$ 2,383	\$ 2,218	\$ 2,168.63	\$ 2,179
Overlapping Debt to POPULATION	\$ 716	\$ 827	\$ 737	\$ 728	\$ 759	\$ 730	\$ 2,655	\$ 1,652	\$ 1,600	\$ 1,599.62	\$ 1,600
Net Direct & Overlapping Debt to POPULATION	\$ 2,969	\$ 3,236	\$ 3,187	\$ 3,266	\$ 3,169	\$ 3,192	\$ 5,060	\$ 4,035	\$ 3,818	\$ 3,768.25	\$ 3,779
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	14.68%	14.41%	13.48%	13.51%	12.62%	12.14%	11.87%	11.83%	11.35%	11.40%	11.44%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	7.11%	7.44%	7.01%	7.20%	6.71%	6.63%	6.27%	5.95%	5.54%	5.42%	5.44%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	2.26%	2.55%	2.11%	2.06%	2.11%	1.96%	6.92%	4.12%	3.99%	3.99%	3.99%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	9.37%	9.99%	9.11%	9.26%	8.82%	8.59%	13.19%	10.08%	9.53%	9.41%	9.44%

⁽¹⁾ Treats Solid Waste and Storm Water as self-supporting debt thereby reducing Net Direct Debt and increasing revenue supported debt by identical amounts. See the Storm Water and Solid Waste. As of June 30, 2019 plus the Bonds.

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

⁽³⁾ PER CAPITA PERSONAL INCOME is based upon the most current data available from Census Bureau.- Bureau of Economic Analysis (CA1 - CA3 Tables)

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - General Fund Supported
As of June 30, 2020 Plus the Bonds

Year Ending June 30	PRINCIPAL REQUIREMENTS GENERAL FUND SUPPORTED				Percent Total Debt Retired	INTEREST REQUIREMENTS GENERAL FUND SUPPORTED				Total Debt Service Requirements
	Outstanding Debt ^{(1),(2)}	Current Issue	Refunded Bonds ⁽³⁾	Total Principal		Outstanding Debt	Current Issue	Refunded Interest ⁽³⁾	Total Interest	
2021	\$ 8,892,584	\$ 40,000	\$ -	\$ 8,932,584		\$ 4,179,539	\$ 56,262	\$ (144,966)	\$ 4,090,835	\$ 13,023,419
2022	8,795,304	70,000	-	8,865,304		3,872,588	166,593	(289,932)	3,749,248	12,614,552
2023	9,463,963	840,000	(575,744)	9,728,219		3,535,215	165,193	(289,932)	3,410,475	13,138,694
2024	9,794,341	855,000	(793,206)	9,856,135		3,173,764	148,393	(272,660)	3,049,496	12,905,631
2025	9,786,937	880,000	(817,539)	9,849,398		2,788,425	131,293	(248,864)	2,670,854	12,520,252
2026	10,007,046	885,000	(835,982)	10,056,064	48.37%	2,401,029	113,693	(223,725)	2,290,996	12,347,060
2027	10,326,330	910,000	(867,735)	10,368,595		2,021,431	95,993	(197,082)	1,938,042	12,306,637
2028	8,220,332	925,000	(895,398)	8,249,934		1,670,774	77,793	(168,604)	1,598,163	9,848,097
2029	7,042,516	945,000	(920,495)	7,067,021		1,396,635	59,293	(138,380)	1,336,047	8,403,068
2030	6,282,895	955,000	(954,814)	6,283,081		1,150,039	47,008	(107,305)	1,102,027	7,385,108
2031	5,065,072	965,000	(986,567)	5,043,505	79.62%	924,821	33,160	(73,038)	898,790	5,942,295
2032	5,202,094	985,000	(1,026,780)	5,160,314		755,014	17,238	(37,247)	750,927	5,911,241
2033	4,298,114	-	-	4,298,114		583,154	-	-	600,392	4,898,506
2034	4,440,757	-	-	4,440,757		443,983	-	-	443,983	4,884,740
2035	3,631,188	-	-	3,631,188		300,977	-	-	300,977	3,932,165
2036	2,749,900	-	-	2,749,900	96.75%	204,955	-	-	204,955	2,954,855
2037	1,910,083	-	-	1,910,083		119,964	-	-	119,964	2,030,047
2038	933,244	-	-	933,244		60,462	-	-	60,462	993,706
2039	497,598	-	-	497,598		30,215	-	-	30,215	527,813
2040	509,559	-	-	509,559	100.00%	15,287	-	-	15,287	524,846
	<u>\$ 117,849,857</u>	<u>\$ 9,255,000</u>	<u>\$ (8,674,260)</u>	<u>\$ 118,430,597</u>		<u>\$ 29,628,271</u>	<u>\$ 1,111,907</u>	<u>\$ (2,191,737)</u>	<u>\$ 28,662,134</u>	<u>\$ 147,092,731</u>

(1) Does not include capitalized leases or compensated absences of inter-fund loans, if any. Debt is secured by the City's "full faith, credit and unlimited taxing power..." (i.e., its "G.O. pledge"). Storm Water enterprise debt is not fully supported by respective revenues and is not included as general debt in this chart, but is broken out in a subsequent chart. Includes the Solid Waste Management Fund paid by General Fund Revenue. Additionally, debt associated with the Meadowview Convention and Conference Center, the Aquatic Center and Cattails Golf Course is also G.O. secured but is fully payable from net revenue or Local Option Sales Taxes located in the district encompassing each of the 3 enterprise activities. For more information, see the Summary of Bonded Indebtedness and the Notes to the Financial Statements accessible as indicated in Appendix D.

(2) Does not include \$2,000,000 General Obligation Capital Outlay Notes, Series 2020 issued in late October 2020.

(3) For additional information on the Refunded Bonds, see the section entitled "SECURITIES OFFERED - Refunding Plan".

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - WATER ENTERPRISE FUND
Water System Revenue Supported Obligations
As of June 30, 2020 Plus the Bonds⁽²⁾

PRINCIPAL REQUIREMENTS					INTEREST REQUIREMENTS					
WATER SYSTEM					WATER SYSTEM					
Ending June 30	Outstanding Principal ⁽¹⁾	Current Issue ⁽³⁾	Refunded Bonds ⁽³⁾	Total Principal	Total Debt Retired	Outstanding Interest	Current Interest	Refunded Bonds	Total Interest	Total Requirements
2021	\$ 2,697,134	\$ 10,000	\$ -	\$ 2,707,134		\$ 1,264,386	\$ 14,257	\$ (37,062)	\$ 1,241,581	\$ 3,948,715
2022	2,799,266	15,000	-	2,814,266		1,183,464	42,218	(74,124)	1,151,557	3,965,823
2023	2,764,327	215,000	(194,258)	2,785,069		1,089,742	41,918	(74,124)	1,057,535	3,842,604
2024	2,851,784	215,000	(200,483)	2,866,301		996,957	37,618	(68,297)	966,278	3,832,579
2025	2,897,650	225,000	(206,808)	2,915,842		899,955	33,318	(62,282)	870,990	3,786,832
2026	2,891,307	225,000	(211,525)	2,904,782	40.68%	802,384	28,818	(55,939)	775,262	3,680,044
2027	2,306,869	230,000	(219,256)	2,317,613		705,600	24,318	(49,240)	680,678	2,998,291
2028	2,370,434	235,000	(226,333)	2,379,101		629,013	19,718	(42,108)	606,622	2,985,723
2029	2,446,093	240,000	(232,558)	2,453,535		550,469	15,018	(34,558)	530,929	2,984,464
2030	2,522,864	240,000	(241,142)	2,521,722		475,265	11,898	(26,798)	460,365	2,982,087
2031	2,210,985	245,000	(248,872)	2,207,113	69.11%	398,617	8,418	(18,229)	388,806	2,595,919
2032	2,277,119	250,000	(259,062)	2,268,057		336,774	4,375	(9,297)	331,852	2,599,909
2033	2,069,724	-	-	2,069,724		272,657	-	-	272,657	2,342,381
2034	2,126,909	-	-	2,126,909		216,022	-	-	216,022	2,342,931
2035	1,881,435	-	-	1,881,435		158,692	-	-	158,692	2,040,127
2036	1,738,981	-	-	1,738,981	93.25%	113,509	-	-	113,509	1,852,490
2037	1,449,647	-	-	1,449,647		69,548	-	-	69,548	1,519,195
2038	723,220	-	-	723,220		38,803	-	-	38,803	762,023
2039	320,157	-	-	320,157		19,440	-	-	19,440	339,597
2040	327,853	-	-	327,853	100.00%	9,836	-	-	9,836	337,689
	<u>\$ 41,673,758</u>	<u>\$ 2,345,000</u>	<u>\$ (2,240,297)</u>	<u>\$ 41,778,461</u>		<u>\$ 10,231,133</u>	<u>\$ 281,887</u>	<u>\$ (552,058)</u>	<u>\$ 9,960,962</u>	<u>\$ 51,739,423</u>

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

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

⁽³⁾ For additional information on the Refunded Bonds, see the section entitled "SECURITIES OFFERED - Refunding Plan".

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - SEWER ENTERPRISE FUND
Sewer System Revenue Supported Obligations
As of June 30, 2020 Plus the Bonds⁽²⁾

PRINCIPAL REQUIREMENTS					INTEREST REQUIREMENTS					
SEWER SYSTEM					SEWER SYSTEM					
Ending June 30	Outstanding Principal ⁽¹⁾	Current Issue ⁽³⁾	Refunded Bonds ⁽³⁾	Total Principal	Total Debt Retired	Outstanding Interest	Current Interest	Refunded Bonds	Total Interest	Total Requirements
2021	\$ 3,938,502	\$ 10,000	\$ -	\$ 3,948,502		\$ 1,898,940	\$ 16,054	\$ (41,548)	\$ 1,873,445	\$ 5,821,947
2022	3,753,851	20,000	-	3,773,851		1,781,089	47,563	(83,097)	1,745,555	5,519,406
2023	3,548,485	240,000	(219,832)	3,568,653		1,630,091	47,163	(83,097)	1,594,157	5,162,810
2024	3,652,911	245,000	(226,730)	3,671,181		1,495,620	42,363	(76,502)	1,461,481	5,132,662
2025	3,731,016	250,000	(234,090)	3,746,926		1,354,724	37,463	(69,700)	1,322,487	5,069,413
2026	3,864,233	255,000	(239,494)	3,879,739	40.17%	1,219,278	32,463	(62,540)	1,189,201	5,068,940
2027	3,971,679	260,000	(247,885)	3,983,794		1,091,776	27,363	(55,004)	1,064,134	5,047,928
2028	4,022,897	265,000	(255,991)	4,031,906		955,567	22,163	(47,019)	930,711	4,962,617
2029	4,157,124	270,000	(262,889)	4,164,235		822,363	16,863	(38,585)	800,641	4,964,876
2030	4,294,338	270,000	(272,489)	4,291,849		682,831	13,353	(29,921)	666,262	4,958,111
2031	3,881,779	275,000	(280,880)	3,875,899	76.36%	540,393	9,438	(20,339)	529,491	4,405,390
2032	2,911,217	280,000	(292,435)	2,898,782		416,375	4,900	(10,374)	410,901	3,309,683
2033	2,526,534	-	-	2,526,534		321,124	-	-	321,124	2,847,658
2034	2,611,048	-	-	2,611,048		238,639	-	-	238,639	2,849,687
2035	2,016,923	-	-	2,016,923		153,289	-	-	153,289	2,170,212
2036	1,619,002	-	-	1,619,002	97.12%	98,949	-	-	98,949	1,717,951
2037	956,023	-	-	956,023		49,518	-	-	49,518	1,005,541
2038	277,462	-	-	277,462		20,391	-	-	20,391	297,853
2039	191,162	-	-	191,162		11,607	-	-	11,607	202,769
2040	195,757	-	-	195,757	100.00%	5,873	-	-	5,873	201,630
	<u>\$ 56,121,943</u>	<u>\$ 2,640,000</u>	<u>\$ (2,532,715)</u>	<u>\$ 56,229,228</u>		<u>\$ 14,788,437</u>	<u>\$ 317,144</u>	<u>\$ (617,725)</u>	<u>\$ 14,487,855</u>	<u>\$ 70,717,083</u>

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

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

⁽³⁾ For additional information on the Refunded Bonds, see the section entitled "SECURITIES OFFERED - Refunding Plan".

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - MEADOW VIEW ENTERPRISE FUND
Regional Sales Tax and Other Revenue Supported Obligations
As of June 30, 2020 Plus the Bonds⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS MEADOW VIEW - SALES TAX SUPPORTED			Percent Total Debt Retired	INTEREST REQUIREMENTS MEADOW VIEW - SALES TAX SUPPORTED		Total Debt Service Requirements
	Outstanding Debt ⁽¹⁾	Total Principal			Outstanding Debt	Total Interest	
2021	\$ 992,087	\$ 992,087			\$ 436,424	\$ 436,424	\$ 1,428,511
2022	1,037,679	1,037,679			396,227	396,227	1,433,906
2023	1,079,413	1,079,413			354,115	354,115	1,433,528
2024	1,126,034	1,126,034			310,306	310,306	1,436,340
2025	1,169,669	1,169,669			264,596	264,596	1,434,265
2026	1,214,842	1,214,842	54.25%		217,127	217,127	1,431,969
2027	1,254,557	1,254,557			167,822	167,822	1,422,379
2028	1,298,381	1,298,381			127,014	127,014	1,425,395
2029	1,331,186	1,331,186			95,206	95,206	1,426,392
2030	274,908	274,908			52,207	52,207	327,115
2031	209,676	209,676	90.05%		42,644	42,644	252,320
2032	216,236	216,236			36,354	36,354	252,590
2033	221,264	221,264			29,867	29,867	251,131
2034	228,590	228,590			23,229	23,229	251,819
2035	235,150	235,150			16,450	16,450	251,600
2036	241,709	241,709	99.41%		9,396	9,396	251,105
2037	17,173	17,173			2,144	2,144	19,317
2038	17,609	17,609			1,629	1,629	19,238
2039	18,132	18,132			1,101	1,101	19,233
2040	18,568	18,568	100.00%		557	557	19,125
	<u>\$ 12,202,863</u>	<u>\$ 12,202,863</u>			<u>\$ 2,584,415</u>	<u>\$ 2,584,415</u>	<u>\$ 14,787,278</u>

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

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

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - AQUATICS CENTER ENTERPRISE FUND
Regional Sales Tax and Other Revenue Supported Obligations
As of June 30, 2020 Plus the Bonds⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS AQUATICS CENTER - SALES TAX SUPPORTED				Percent Total Debt Retired	INTEREST REQUIREMENTS AQUATICS CENTER - SALES TAX SUPPORTED				Total Debt Service Requirements
	Outstanding Debt ⁽¹⁾	Current Bonds ^{(2)*}	Refunded Bonds ⁽³⁾	Total Principal		Outstanding Debt	Current Issue	Refunded Bonds	Total Interest	
2021	\$ 1,119,426	\$ -	\$ -	\$ 1,119,426		\$ 502,749	\$ 639	\$ (1,697)	\$ 501,692	\$ 1,621,118
2022	1,166,464	-	-	1,166,464		461,414	1,903	(3,394)	459,923	1,626,387
2023	1,208,719	10,000	(8,575)	1,210,144		418,404	1,903	(3,394)	416,913	1,627,057
2024	1,258,151	10,000	(8,872)	1,259,279		374,003	1,703	(3,136)	372,569	1,631,848
2025	1,294,517	10,000	(9,120)	1,295,397		327,294	1,503	(2,870)	325,926	1,621,323
2026	1,343,431	10,000	(9,318)	1,344,113	49.72%	278,650	1,303	(2,588)	277,365	1,621,478
2027	1,397,636	10,000	(9,715)	1,397,921		228,374	1,103	(2,285)	227,192	1,625,113
2028	1,436,660	10,000	(10,013)	1,436,647		185,153	903	(1,957)	184,099	1,620,746
2029	1,477,353	10,000	(10,310)	1,477,043		150,741	703	(1,606)	149,837	1,626,880
2030	1,144,996	10,000	(10,706)	1,144,290		104,758	573	(1,246)	104,085	1,248,375
2031	440,528	10,000	(11,103)	439,425	89.36%	68,602	428	(849)	68,180	507,605
2032	461,251	15,000	(11,549)	464,702		53,980	263	(433)	53,809	518,511
2033	234,979	-	-	234,979		38,487	-	-	38,487	273,466
2034	240,256	-	-	240,256		30,237	-	-	30,237	270,493
2035	155,589	-	-	155,589		21,780	-	-	21,780	177,369
2036	160,866	-	-	160,866	97.81%	16,749	-	-	16,749	177,615
2037	166,198	-	-	166,198		11,361	-	-	11,361	177,559
2038	160,000	-	-	160,000	100.00%	5,600	-	-	5,600	165,600
	<u>\$ 14,867,020</u>	<u>\$ 105,000</u>	<u>\$ (99,281)</u>	<u>\$ 14,872,739</u>		<u>\$ 3,278,336</u>	<u>\$ 12,922</u>	<u>\$ (25,455)</u>	<u>\$ 3,265,803</u>	<u>\$ 18,138,542</u>

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

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

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - CATTAILS GOLF ENTERPRISE FUND
Regional Sales Tax and Other Revenue Supported Obligations
As of June 30, 2020 Plus the Bonds⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS CATTAILS GOLF - SALES TAX SUPPORTED				Percent Total Debt Retired	INTEREST REQUIREMENTS CATTAILS GOLF - SALES TAX SUPPORTED				Total Debt Service Requirements
	Outstanding Debt ⁽¹⁾	Current Bonds ^{(2)*}	Refunded Bonds ⁽³⁾	Total Principal		Outstanding Debt	Current Issue	Refunded Bonds	Total Interest	
2021	\$ 31,397	\$ 5,000	\$ -	\$ 36,397		\$ 20,117	\$ 1,968	\$ (4,944)	\$ 17,141	\$ 53,538
2022	37,251	5,000	-	42,251		19,079	5,755	(9,887)	14,947	57,198
2023	38,496	25,000	(28,035)	35,461		17,761	5,655	(9,887)	13,529	48,990
2024	39,742	30,000	(28,783)	40,959		16,397	5,155	(9,046)	12,506	53,465
2025	41,423	25,000	(29,904)	36,519	31.37%	14,986	4,555	(8,183)	11,358	47,877
2026	42,732	30,000	(30,652)	42,080		13,514	4,055	(7,286)	10,284	52,364
2027	44,102	30,000	(31,400)	42,702		11,990	3,455	(6,366)	9,079	51,781
2028	45,846	35,000	(32,521)	48,325		10,412	2,855	(5,424)	7,143	55,468
2029	47,154	30,000	(33,269)	43,885		8,770	2,155	(4,448)	6,087	49,972
2030	48,711	40,000	(34,390)	54,321	69.25%	7,356	1,765	(3,450)	5,091	59,412
2031	45,474	40,000	(35,138)	50,336		5,809	1,185	(2,333)	4,001	54,337
2032	47,280	30,000	(36,633)	40,647		4,357	525	(1,191)	3,166	43,813
2033	10,959	-	-	10,959		2,846	-	-	2,846	13,805
2034	11,270	-	-	11,270		2,518	-	-	2,518	13,788
2035	11,582	-	-	11,582	89.69%	2,236	-	-	2,236	13,818
2036	11,893	-	-	11,893		1,889	-	-	1,889	13,782
2037	12,266	-	-	12,266		1,532	-	-	1,532	13,798
2038	12,578	-	-	12,578		1,164	-	-	1,164	13,742
2039	12,951	-	-	12,951		786	-	-	786	13,737
2040	13,263	-	-	13,263	100.00%	398	-	-	398	13,661
	<u>\$ 606,370</u>	<u>\$ 325,000</u>	<u>\$ (320,725)</u>	<u>\$ 610,645</u>		<u>\$ 163,917</u>	<u>\$ 39,083</u>	<u>\$ (72,444)</u>	<u>\$ 127,701</u>	<u>\$ 738,346</u>

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

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

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - SOLID WASTE ENTERPRISE FUND
System and Other Revenue Supported Obligations
As of June 30, 2019 Plus the Bonds⁽²⁾

Year Ending June 30	<u>PRINCIPAL REQUIREMENTS</u> <u>SOLID WASTE SYSTEM</u>		Percent Total Debt Retired	<u>INTEREST REQUIREMENTS</u> <u>SOLID WASTE SYSTEM</u>		Total Debt Service Requirements
	Outstanding Debt ⁽¹⁾	Total Principal		Outstanding Interest	Total Interest	
2021	\$ 290,257	\$ 290,257		\$ 103,869	\$ 103,869	\$ 394,126
2022	298,666	298,666		92,786	92,786	391,452
2023	145,716	145,716		82,766	82,766	228,482
2024	151,331	151,331		77,193	77,193	228,524
2025	156,355	156,355		69,687	69,687	226,042
2026	163,913	163,913	43.33%	62,089	62,089	226,002
2027	171,698	171,698		54,738	54,738	226,436
2028	167,921	167,921		47,663	47,663	215,584
2029	174,734	174,734		40,661	40,661	215,395
2030	181,713	181,713		33,338	33,338	215,051
2031	168,834	168,834	74.39%	25,709	25,709	194,543
2032	174,890	174,890		19,632	19,632	194,522
2033	180,133	180,133		14,133	14,133	194,266
2034	186,188	186,188		8,460	8,460	194,648
2035	171,698	171,698	100.00%	2,576	2,576	174,274
	<u>\$ 2,784,047</u>	<u>\$ 2,784,047</u>		<u>\$ 735,300</u>	<u>\$ 735,300</u>	<u>\$ 3,519,347</u>

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

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

CITY OF KINGSPORT
DEBT SERVICE REQUIREMENTS - STORM WATER ENTERPRISE FUND
System and Other Revenue Supported Obligations
As of June 30, 2020 Plus the Bonds⁽²⁾

Year Ending June 30	PRINCIPAL REQUIREMENTS STORM WATER SYSTEM				Percent Total Debt Retired	INTEREST REQUIREMENTS STORM WATER SYSTEM				Total Debt Service Requirements
	Outstanding Debt ⁽¹⁾	Current Issue	Refunded Bonds ⁽³⁾	Total Principal		Outstanding Interest	Current Issue	Refunded Bonds	Total Interest	
2021	\$ 83,851	\$ -	\$ -	\$ 83,851		\$ 39,808	\$ 1,555	\$ (4,194)	\$ 37,169	\$ 121,020
2022	87,168	-	-	87,168		36,189	4,625	(8,387)	32,427	119,595
2023	90,716	25,000	(21,192)	94,524		32,630	4,625	(8,387)	28,868	123,392
2024	94,858	25,000	(21,926)	97,932		28,923	4,125	(7,751)	25,297	123,229
2025	97,502	25,000	(22,539)	99,963		25,041	3,625	(7,094)	21,573	121,536
2026	100,942	25,000	(23,029)	102,913	55.89%	21,031	3,125	(6,395)	17,761	120,674
2027	105,216	25,000	(24,009)	106,207		16,843	2,625	(5,646)	13,822	120,029
2028	109,115	25,000	(24,744)	109,371		12,916	2,125	(4,836)	10,205	119,576
2029	112,610	25,000	(25,479)	112,131		9,295	1,625	(3,970)	6,950	119,081
2030	65,741	25,000	(26,459)	64,282		5,042	1,300	(3,078)	3,264	67,546
2031	27,439	25,000	(27,439)	25,000	97.04%	2,099	938	(2,099)	937	25,937
2032	28,541	30,000	(28,541)	30,000	100.00%	1,070	525	(1,070)	525	30,525
	<u>\$ 1,003,699</u>	<u>\$ 255,000</u>	<u>\$ (245,357)</u>	<u>\$ 1,013,342</u>		<u>\$ 230,887</u>	<u>\$ 30,817</u>	<u>\$ (62,907)</u>	<u>\$ 198,797</u>	<u>\$ 1,212,139</u>

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 35,687,142	\$ 36,735,841	\$ 37,664,973	\$ 38,447,163	\$ 40,655,013	\$ 43,806,004	\$ 43,231,684	\$ 48,097,883	\$ 48,507,601	\$ 48,420,234
Licenses and Permits	354,400	339,843	390,916	357,816	530,179	518,480	456,360	569,817	547,907	497,594
Intergovernmental	19,642,492	20,241,878	21,829,490	22,056,020	22,628,202	23,943,819	24,706,071	24,368,885	25,178,011	25,526,132
Charges for Services	2,201,664	2,345,903	2,082,809	2,122,968	1,933,484	1,963,227	2,447,112	2,811,932	2,150,796	2,380,703
Fines and Forfeitures	1,205,281	1,243,032	736,228	648,957	753,558	749,630	842,116	930,840	988,350	923,978
Investment Earnings	105,839	68,235	82,616	38,116	10,654	11,602	44,714	54,346	124,419	279,768
Contributions and Donations	2,154	32,407	4,043	127,563	157,097	125,000	126,661	181,885	202,454	200,000
Miscellaneous	303,931	794,771	490,360	93,898	328,555	120,296	94,985	119,650	185,674	163,283
Total Revenues	\$ 59,502,903	\$ 61,801,910	\$ 63,281,435	\$ 63,892,501	\$ 66,996,742	\$ 71,238,058	\$ 71,949,703	\$ 77,135,238	\$ 77,885,212	\$ 78,391,692
Expenditures										
General government	\$ 8,159,252	\$ 8,182,493	\$ 8,889,159	\$ 8,796,127	\$ 8,591,022	\$ 8,613,724	\$ 8,609,982	\$ 8,611,071	\$ 9,233,769	\$ 9,446,589
Public Safety:	17,935,335	18,350,902	18,851,933	19,068,656	19,831,402	20,171,508	20,272,421	21,308,120	21,830,277	21,977,452
Public Works	6,297,624	6,292,395	6,104,746	6,441,239	6,823,759	6,854,129	7,343,759	10,134,719	10,327,076	10,497,786
Economic and Physical Dev.	3,419,325	3,577,098	3,670,958	3,594,287	3,642,231	3,518,154	3,432,304	1,598,330	1,517,582	1,509,446
Culture and Recreation	4,680,818	4,884,922	4,809,798	5,041,504	5,178,628	5,176,467	5,411,743	5,565,884	5,726,987	4,558,962
Miscellaneous Gov. Services	1,164,299	1,179,584	1,108,609	1,045,894	726,702	1,010,101	769,025	798,983	963,700	960,043
Capital Outlay	41,930	710,173	162,194	123,144	138,633	46,481	56,022	37,133	93,395	17,825
Total Expenditures	\$ 41,698,583	\$ 43,177,567	\$ 43,597,397	\$ 44,110,851	\$ 44,932,377	\$ 45,390,564	\$ 45,895,256	\$ 48,054,240	\$ 49,692,786	\$ 48,968,103
Excess of Revenues										
Over (Under) Expenditures	\$ 17,804,320	\$ 18,624,343	\$ 19,684,038	\$ 19,781,650	\$ 22,064,365	\$ 25,847,494	\$ 26,054,447	\$ 29,080,998	\$ 28,192,426	\$ 29,423,589
Other Financing Sources										
(Uses)										
Transfers In	\$ 3,759,855	\$ 3,513,680	\$ 2,882,006	\$ 3,515,367	\$ 3,150,395	\$ 3,414,619	\$ 3,435,818	\$ 3,442,979	\$ 3,470,598	\$ 3,428,877
Transfers Out	(22,146,855)	(23,368,942)	(23,577,499)	(24,234,580)	(25,081,379)	(28,134,458)	(29,137,892)	(31,657,606)	(30,000,409)	(32,591,324)
Sale of Building	-	-	-	-	-	-	-	-	-	-
Debt Proceeds	-	-	-	-	-	-	-	-	-	-
Total	\$ (18,387,000)	\$ (19,855,262)	\$ (20,695,493)	\$ (20,719,213)	\$ (21,930,984)	\$ (24,719,839)	\$ (25,702,074)	\$ (28,214,627)	\$ (26,529,811)	\$ (29,162,447)
Excess of Revenues										
Over (Under) Expenditures										
& Other Uses	\$ (582,680)	\$ (1,230,919)	\$ (1,011,455)	\$ (937,563)	\$ 133,381	\$ 1,127,655	\$ 352,373	\$ 866,371	\$ 1,662,615	\$ 261,142
Fund Balance July 1	15,311,831	14,729,151	13,584,394	12,572,939	11,635,376	11,768,757	12,896,412	13,248,785	14,115,156	15,777,771
Restatement	-	86,162	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Net Encumbrances	-	-	-	-	-	-	-	-	-	-
Fund Balance June 30	\$ 14,729,151	\$ 13,584,394	\$ 12,572,939	\$ 11,635,376	\$ 11,768,757	\$ 12,896,412	\$ 13,248,785	\$ 14,115,156	\$ 15,777,771	\$ 16,038,913

Source: Comprehensive Annual Financial Reports of the Municipality

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenues										
Charges and Fees	\$ 12,094,143	\$ 11,928,787	\$ 12,244,010	\$ 11,831,971	\$ 12,333,948	\$ 12,706,099	\$ 12,892,823	\$ 13,115,947	\$ 13,021,742	\$ 13,471,182
Penalties and Fines	399,670	407,881	407,758	382,079	415,422	507,435	627,743	470,181	476,047	484,611
Miscellaneous	19,204	46,837	15,446	21,500	41,966	46,295	55,093	57,296	64,172	70,394
Total Operating Revenues	<u>\$ 12,513,017</u>	<u>\$ 12,383,505</u>	<u>\$ 12,667,214</u>	<u>\$ 12,235,550</u>	<u>\$ 12,791,336</u>	<u>\$ 13,259,829</u>	<u>\$ 13,575,659</u>	<u>\$ 13,643,424</u>	<u>\$ 13,561,961</u>	<u>\$ 14,026,187</u>
Operating Expenses										
Operating Costs	\$ (6,849,105)	\$ (6,827,682)	\$ (7,377,399)	\$ (7,267,099)	\$ (7,304,500)	\$ (7,223,646)	\$ (7,507,609)	\$ (7,846,593)	\$ (7,518,917)	\$ (7,421,614)
Depreciation	(1,939,559)	(2,466,050)	(2,546,929)	(2,654,149)	(2,746,594)	(2,887,861)	(3,023,226)	(3,053,247)	(3,465,613)	(3,419,079)
Total Operating Expenses	<u>\$ (8,788,664)</u>	<u>\$ (9,293,732)</u>	<u>\$ (9,924,328)</u>	<u>\$ (9,921,248)</u>	<u>\$ (10,051,094)</u>	<u>\$ (10,111,507)</u>	<u>\$ (10,530,835)</u>	<u>\$ (10,899,840)</u>	<u>\$ (10,984,530)</u>	<u>\$ (10,840,693)</u>
Operating Income	<u>\$ 3,724,353</u>	<u>\$ 3,089,773</u>	<u>\$ 2,742,886</u>	<u>\$ 2,314,302</u>	<u>\$ 2,740,242</u>	<u>\$ 3,148,322</u>	<u>\$ 3,044,824</u>	<u>\$ 2,743,584</u>	<u>\$ 2,577,431</u>	<u>\$ 3,185,494</u>
Non-Operating Revenues (Expenses)										
Investment Earnings	\$ 98,471	\$ 50,244	\$ 61,604	\$ 62,876	\$ 25,465	\$ 21,068	\$ 52,734	\$ 69,782	\$ 109,837	\$ 262,180
Federal Interest Subsidy	-	81,352	66,110	66,110	59,515	58,141	56,182	53,917	51,431	57,070
Interest Expense	(258,739)	(292,956)	(380,665)	(365,106)	(441,240)	(525,161)	(459,902)	(451,786)	(682,478)	(928,671)
Gain on Disposal of Capital Assets	-	(22,029)	(800)	(58,911)	(303,664)	2,500	-	-	-	-
Amortization Expense	(20,920)	(21,761)	(23,216)	(28,424)	(52,751)	-	-	-	-	-
Arbitrage Expense	-	-	-	-	-	-	-	-	-	(12,172)
Other/ Bond Issue Cost	-	-	-	-	-	(53,115)	(39,173)	(37,486)	(15,729)	(125,889)
Total Non-Operating Rev. (Exp.)	<u>\$ (181,188)</u>	<u>\$ (205,150)</u>	<u>\$ (276,967)</u>	<u>\$ (323,455)</u>	<u>\$ (712,675)</u>	<u>\$ (496,567)</u>	<u>\$ (390,159)</u>	<u>\$ (365,573)</u>	<u>\$ (536,939)</u>	<u>\$ (747,482)</u>
Operating Income Before Other	<u>\$ 3,543,165</u>	<u>\$ 2,884,623</u>	<u>\$ 2,465,919</u>	<u>\$ 1,990,847</u>	<u>\$ 2,027,567</u>	<u>\$ 2,651,755</u>	<u>\$ 2,654,665</u>	<u>\$ 2,378,011</u>	<u>\$ 2,040,492</u>	<u>\$ 2,438,012</u>
Other										
Capital Contributions	\$ 350,529	\$ 18,525	\$ 35,100	\$ 71,394	\$ 513,891	\$ 592,356	\$ 964,471	\$ 996,353	\$ 258,915	\$ 19,451
Transfers In	125,786	105,304	115,834	134,465	133,761	122,159	145,130	144,141	167,823	172,893
Transfers Out	(1,229,294)	(1,309,401)	(1,309,965)	(1,473,760)	(1,433,675)	(1,554,263)	(1,563,958)	(1,581,052)	(1,552,239)	(1,590,779)
Total Other	<u>\$ (752,979)</u>	<u>\$ (1,185,572)</u>	<u>\$ (1,159,031)</u>	<u>\$ (1,267,901)</u>	<u>\$ (786,023)</u>	<u>\$ (839,748)</u>	<u>\$ (454,357)</u>	<u>\$ (440,558)</u>	<u>\$ (1,125,501)</u>	<u>\$ (1,398,435)</u>
Change in Net Position	<u>\$ 2,790,186</u>	<u>\$ 1,699,051</u>	<u>\$ 1,306,888</u>	<u>\$ 722,946</u>	<u>\$ 1,241,544</u>	<u>\$ 1,812,007</u>	<u>\$ 2,200,308</u>	<u>\$ 1,937,453</u>	<u>\$ 914,991</u>	<u>\$ 1,039,577</u>
Net Position - Prior Year	<u>\$ 55,304,097</u>	<u>\$ 58,094,283</u>	<u>\$ 59,793,334</u>	<u>\$ 61,100,222</u>	<u>\$ 61,823,168</u>	<u>\$ 62,821,628</u>	<u>\$ 62,303,536</u>	<u>\$ 64,503,844</u>	<u>\$ 66,441,297</u>	<u>\$ 66,401,506</u>
Imposition of GASB 68 Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,330,099)	\$ -	\$ -	\$ -	\$ -
Imposition of GASB 75 OPEB Liability	-	-	-	-	-	-	-	-	(954,782)	-
Net Effect of Change in Accounting Principle	-	-	-	-	(243,084)	-	-	-	-	-
Net Position - Prior Year As Restated	<u>\$ 55,304,097</u>	<u>\$ 58,094,283</u>	<u>\$ 59,793,334</u>	<u>\$ 61,100,222</u>	<u>\$ 61,580,084</u>	<u>\$ 60,491,529</u>	<u>\$ 62,303,536</u>	<u>\$ 64,503,844</u>	<u>\$ 65,486,515</u>	<u>\$ 66,401,506</u>
Net Position - FYE	<u>\$ 58,094,283</u>	<u>\$ 59,793,334</u>	<u>\$ 61,100,222</u>	<u>\$ 61,823,168</u>	<u>\$ 62,821,628</u>	<u>\$ 62,303,536</u>	<u>\$ 64,503,844</u>	<u>\$ 66,441,297</u>	<u>\$ 66,401,506</u>	<u>\$ 67,441,083</u>

Source: Comprehensive Annual Financial Reports of the Municipality.

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenues										
Charges and Fees	\$ 12,451,016	\$ 11,944,288	\$ 12,219,215	\$ 12,446,052	\$ 12,979,946	\$ 13,135,043	\$ 13,595,237	\$ 14,202,929	\$ 13,974,321	\$ 14,033,428
Penalties and Fines	156,448	139,851	142,999	152,501	156,247	161,772	146,293	153,069	146,908	151,047
Miscellaneous	10,536	192,303	9,120	13,090	6,409	8,852	8,527	7,875	7,840	18,668
Total Operating Revenues	<u>\$ 12,618,000</u>	<u>\$ 12,276,442</u>	<u>\$ 12,371,334</u>	<u>\$ 12,611,643</u>	<u>\$ 13,142,602</u>	<u>\$ 13,305,667</u>	<u>\$ 13,750,057</u>	<u>\$ 14,363,873</u>	<u>\$ 14,129,069</u>	<u>\$ 14,203,143</u>
Operating Expenses										
Operating Costs	\$ (3,923,701)	\$ (4,226,465)	\$ (4,441,594)	\$ (4,787,239)	\$ (4,949,553)	\$ (4,864,194)	\$ (5,346,123)	\$ (5,270,786)	\$ (5,100,880)	\$ (6,149,420)
Depreciation	(3,372,721)	(3,411,180)	(3,434,519)	(3,573,765)	(3,545,953)	(4,762,359)	(4,876,115)	(4,981,603)	(5,257,359)	(5,468,537)
Total Operating Expenses	<u>\$ (7,296,422)</u>	<u>\$ (7,637,645)</u>	<u>\$ (7,876,113)</u>	<u>\$ (8,361,004)</u>	<u>\$ (8,495,506)</u>	<u>\$ (9,626,553)</u>	<u>\$ (10,222,238)</u>	<u>\$ (10,252,389)</u>	<u>\$ (10,358,239)</u>	<u>\$ (11,617,957)</u>
Operating Income	<u>\$ 5,321,578</u>	<u>\$ 4,638,797</u>	<u>\$ 4,495,221</u>	<u>\$ 4,250,639</u>	<u>\$ 4,647,096</u>	<u>\$ 3,679,114</u>	<u>\$ 3,527,819</u>	<u>\$ 4,111,484</u>	<u>\$ 3,770,830</u>	<u>\$ 2,585,186</u>
Non-Operating Revenues (Expenses)										
Investment Earnings	\$ 125,070	\$ 71,255	\$ 90,654	\$ 90,959	\$ 48,123	\$ 53,835	\$ 118,379	\$ 181,072	\$ 270,271	\$ 370,944
Federal Interest Subsidy	(748,985)	122,055	99,187	99,187	89,283	87,221	84,273	80,884	77,172	85,620
Interest Expense	400	(550,503)	(350,311)	(269,318)	(298,294)	(1,526,045)	(1,538,977)	(1,395,762)	(1,526,042)	(1,567,089)
Gain on Disposal of Capital Assets	-	-	5,812	-	-	-	-	-	-	-
Amortization Expense	(37,458)	(39,387)	(40,829)	(57,297)	-	-	-	-	-	-
Arbitrage Expense	-	-	-	-	-	-	-	-	-	(18,258)
Other/ Bond Issue Cost	-	-	-	-	(118,204)	(128,632)	(91,842)	(79,114)	(135,887)	(70,546)
Total Non-Operating Rev. (Exp.)	<u>\$ (660,973)</u>	<u>\$ (396,580)</u>	<u>\$ (195,487)</u>	<u>\$ (136,469)</u>	<u>\$ (279,092)</u>	<u>\$ (1,513,621)</u>	<u>\$ (1,428,167)</u>	<u>\$ (1,212,920)</u>	<u>\$ (1,314,486)</u>	<u>\$ (1,199,329)</u>
Operating Income Before Other	<u>\$ 4,660,605</u>	<u>\$ 4,242,217</u>	<u>\$ 4,299,734</u>	<u>\$ 4,114,170</u>	<u>\$ 4,368,004</u>	<u>\$ 2,165,493</u>	<u>\$ 2,099,652</u>	<u>\$ 2,898,564</u>	<u>\$ 2,456,344</u>	<u>\$ 1,385,857</u>
Other										
Capital Contributions	\$ 946,294	\$ 636,649	\$ 30,771	\$ 331,752	\$ 519,714	\$ 276,276	\$ 530,755	\$ 713,504	\$ -	\$ 18,250
Transfers In	-	-	-	-	-	-	-	-	-	-
Transfers Out	(1,225,707)	(1,273,679)	(1,245,918)	(1,417,056)	(1,338,148)	(1,474,557)	(1,500,346)	(1,509,477)	(1,538,806)	(1,566,943)
Total Other	<u>\$ (279,413)</u>	<u>\$ (637,030)</u>	<u>\$ (1,215,147)</u>	<u>\$ (1,085,304)</u>	<u>\$ (818,434)</u>	<u>\$ (1,198,281)</u>	<u>\$ (969,591)</u>	<u>\$ (795,973)</u>	<u>\$ (1,538,806)</u>	<u>\$ (1,548,693)</u>
Change in Net Position	<u>\$ 4,381,192</u>	<u>\$ 3,605,187</u>	<u>\$ 3,084,587</u>	<u>\$ 3,028,866</u>	<u>\$ 3,549,570</u>	<u>\$ 967,212</u>	<u>\$ 1,130,061</u>	<u>\$ 2,102,591</u>	<u>\$ 917,538</u>	<u>\$ (162,836)</u>
Net Position - Prior Year	<u>\$ 90,129,907</u>	<u>\$ 94,511,099</u>	<u>\$ 98,116,286</u>	<u>\$ 101,200,873</u>	<u>\$ 104,229,739</u>	<u>\$ 107,261,807</u>	<u>\$ 102,937,944</u>	<u>\$ 104,068,005</u>	<u>\$ 106,170,596</u>	<u>\$ 106,456,664</u>
Net Assets (Equity) - PY (Restated)	\$ 90,129,907	\$ 94,511,099	\$ 98,116,286	\$ 101,200,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Imposition of GASB 68 Pension Liability	-	-	-	-	-	(1,492,869)	-	-	-	-
Imposition of GASB 75 OPEB Liability	-	-	-	-	-	-	-	-	(631,470)	-
Corrections Related to CIP Project Closing	-	-	-	-	(517,502)	(3,798,206)	-	-	-	-
Net Position - Prior Year As Restated	<u>\$ 90,129,907</u>	<u>\$ 94,511,099</u>	<u>\$ 98,116,286</u>	<u>\$ 101,200,853</u>	<u>\$ 103,712,237</u>	<u>\$ 101,970,732</u>	<u>\$ 102,937,944</u>	<u>\$ 104,068,005</u>	<u>\$ 105,539,126</u>	<u>\$ 106,456,664</u>
Net Position - FYE	<u>\$ 94,511,099</u>	<u>\$ 98,116,286</u>	<u>\$ 101,200,873</u>	<u>\$ 104,229,739</u>	<u>\$ 107,261,807</u>	<u>\$ 102,937,944</u>	<u>\$ 104,068,005</u>	<u>\$ 106,170,596</u>	<u>\$ 106,456,664</u>	<u>\$ 106,293,828</u>

Source: Comprehensive Annual Financial Reports of the Municipality.

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

FINANCIAL INFORMATION

CONTINGENT LIABILITIES

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

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

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

On June 15, 2020, KEDB and Anita’s entered into a new 10 year lease with 2 five-year renewals. The related new loan will be repaid by Anita’s through lease payments and is further guaranteed by its parent company, Anita’s Mexican Foods Corporation.

The new loan amount is for 20 years, with a 10 year call, for \$6,640,000, at a rate of 3.15%. Beginning on July 15, 2020 and ending on June 15, 2021, monthly accrued interest will be due and payable. Beginning on July 15, 2021 principal and interest will be due and payable in 107 consecutive monthly payments of \$37,480.32. All remaining principal and accrued interest will be due and payable in full on June 15, 2030. The outstanding loan principal as of June 30, 2020 was \$6,640,000.

The Resolution specifies that the City has agreed to make certain economic development contributions to the KEDB, if and when required, in the event that Anita’s is unable to meet its financial obligations under the terms of the lease. The City’s obligation will not exceed the total principal amount of \$6,640,000 plus accrued interest.

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

By resolution adopted on December 17, 2013 by the Governing Body, the City and IDBK entered into an agreement wherein proceeds from the sale of all or any portion the property would be applied toward the retirement of the principal loan balance. To support IDBK’s acquisition of the

property and to assure its ability to pay the loan, the City also agreed to make certain semi-annual contributions up to \$60,000 each to the IDBK as economic development contributions for a period up to seven years, beginning in fiscal year 2014. The first such semi-annual contribution was made on or before June 1, 2014. Subsequent contributions will be made on or before each December 1 and June 1 through December 1, 2020. IDBK agreed to use such contributions to pay interest payments due on the loan in the event net proceeds realized from the lease of all or any portion of the property are insufficient to pay such interest. In the event a principal balance remains outstanding upon final maturity, the City agrees to either: (1) purchase the property from the IDBK for a purchase price equal to the outstanding principal and accrued interest owed on the loan; or (2) provide an economic development contribution to IDBK in an amount sufficient to pay the outstanding principal and accrued interest owed on the loan. As of June 30, 2020, the IDBK line of credit had an outstanding principal balance of \$3,289,320.

In October, 2019 the IDBK entered into a construction loan agreement in the amount of \$1,800,000 to build a Miracle League Ball Field, which is specifically designed for safe use by special needs children and adults. The loan bears interest at a rate per annum of 3.25% and matures July, 2030. The loan will be paid from donations raised privately in the community, as well as through lease payments made by the City of Kingsport. The loan balance outstanding as of June 30, 2020 was \$1,400,653.

The IDBK and City of Kingsport signed a First Amendment to a Ground Lease effective September 17, 2019, to provide for the development of the Miracle League Ball Field. This amendment changed the annual lease payment from one dollar to an annual payment not to exceed \$214,222.93 per year for ten years. The amended lease payment may be reduced, dollar for dollar by any amount received by IDBK as donations or contributions from any source for the project.

Source: City of Kingsport.

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

Tri-Cities Airport Authority. On October 3, 2017, the BMA approved Resolution 2018-047 which authorized the City to enter into an intergovernmental financing agreement with the other Authority Members of the Tri-Cities Airport Authority to guarantee repayment, of each Member’s pro rata share, of proposed debt to be issued by the Airport Authority. Proceeds from the debt issue are to provide funding for an economic development project known as the Aerospace Park Project. The City of Kingsport entered into this agreement on November 8, 2017. On March 29, 2018, the Airport Authority issued \$8,500,000 of Aerospace Park Bonds, Series 2018. The City of Kingsport’s pro rata share of this debt is \$1,589,500 (18.7%). As a part of the intergovernmental financing agreement, each authority member entered into a Guaranty Agreement, in which, they pledged the

full faith and credit and unlimited taxing power of their respective entity, to the payment of their pro rata portion of the principal and interest on the debt. The City’s portion of the annual debt service on these bonds will range from between \$109,500 to \$118,000 through June 30, 2038. The outstanding balance as of June 30, 2020 was \$1,480,000.

Source: City of Kingsport

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

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

FY Year	Property Tax	All Sales Taxes	Hall Income Tax⁽¹⁾	Business Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Total
2020	\$59,055,801	\$36,613,015	\$478,717	\$6,814,149	\$2,041,977	\$1,437,623	\$106,441,282
2019	57,748,741	36,618,697	794,052	7,019,849	1,992,177	1,744,027	105,917,543
2018	57,621,560	35,891,135	789,709	7,187,326	1,973,277	1,826,324	105,289,331
2017	59,329,621	34,602,066	867,272	6,655,136	1,928,659	1,686,532	105,069,286
2016	57,058,121	34,386,506	1,068,350	2,103,921	1,924,222	1,677,590	98,218,710
2015	55,935,014	32,690,121	1,115,663	2,068,944	1,847,187	1,564,355	95,221,284
2014	52,677,994	30,753,163	893,978	1,806,045	1,800,932	1,643,053	89,575,167
2013	50,347,648	29,687,264	709,109	1,845,565	1,742,979	1,507,778	85,840,343
2012	48,236,082	29,469,816	609,312	1,746,264	1,778,471	1,499,600	83,339,545
2011	47,144,856	27,514,740	555,283	1,681,523	1,617,478	1,380,588	79,894,468

(1) In the 2016 General Assembly of the State of Tennessee, the State Budget calls for a phase out of the Hall Income Tax on interest and dividends from investments. Since its enactment in 1929, the tax rate has been 6% which applied to all taxable income derived from interest and dividends greater than \$1,250 per person or \$2,500 for married couples filing jointly. The State Budget reduces the tax by 1.0% to 5.0% with the intent of phasing it out altogether by 2021. Based on the situs of collections, local jurisdictions such as the City receive 0.0375% of the total tax. There are no “hold-harmless” provisions for local jurisdictions.

Source: Comprehensive Annual Financial Reports of the City of Kingsport and various news accounts.

BUDGETARY PROCESS

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

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

The City Manager has the authority to transfer the unused portion of any items or appropriation within the same department, between departments in any given fund, and across

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

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

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

Source: Comprehensive Annual Financial Report of the City of Kingsport, Tennessee

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

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

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

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

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

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

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

Source: Comprehensive Annual Financial Report of the City of Kingsport, TN

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

- (a) Public Utility Property - includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property - includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose, to be assessed at 40% of its value;
- (c) Residential Property - includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit, to be assessed at 25% of its value; and
- (d) Farm Property - includes all real property used or held for use in agriculture, to be assessed at 25% of its value.

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

- (a) Public Utility Property - assessed at 55% of its value;
- (b) Industrial and Commercial Property - assessed at 30% of its value; and
- (c) All other Tangible Personal Property - assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

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

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

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

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

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

published notice are required to be provided and published at least 10 days before the local boards of equalization begin their annual sessions.

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

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

On or before the first Monday in August of each year, the assessments are required to be completed and the Comptroller is required to send a notice of assessment to each company assessable. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the Comptroller, who may change or affirm the valuation. On or before the first Monday in September of each year, the Comptroller is required to file with the State Board of Equalization (“State Board”) assessments so made. The State Board is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the Comptroller.

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

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

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State.

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

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

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

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

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

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

Assessed Valuations. According to the Tennessee State Board of Equalization, property in Sullivan County reflected a ratio of appraised value to true market value of 0.8783. Sullivan County is on a 4 year appraisal cycle. The current county-wide reappraisal in Sullivan County was certified and became effective as of January 1, 2017 (fiscal year 2018). The next county-wide appraisal in Sullivan County will occur in 2021.

Approximately 3.7% of the City is located in Hawkins County. Property in Hawkins County reflected a ratio of appraised value to true market value of 0.8976 according to the State resulting ratio adjustment in 2020. Hawkins County is on a 5 year appraisal cycle. The next county-wide appraisal in Hawkins County will occur in 2020. Public utility assessments have been equalized and certified by the State after adjustment resulting from reappraisals or from sales studies.

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

FY	Tax Year	Real Property			Tangible Personal Property	Public Utility Property	Total Assessed Value ⁽²⁾	Estimated Actual Value	City Tax Rate ⁽²⁾
		Industrial/Commercial ⁽¹⁾	Residential	Farm					
2020	2019	\$702,283,520	\$721,560,650	\$8,576,225	\$392,417,523	\$53,318,832	\$1,878,156,270	\$6,905,663,769	\$2.0643
2019	2018	698,340,440	712,123,775	8,626,900	445,659,496	53,252,585	1,919,442,436	6,249,357,353	1.9750
2018	2017*	694,744,760	705,144,825	8,725,700	427,718,763	51,548,491	1,885,882,539	6,128,818,929	1.9750
2017	2016**	683,001,600	669,506,750	5,884,550	373,491,950	53,030,272	1,784,915,122	5,968,712,220	2.0700
2016	2015	676,921,040	666,829,550	6,078,225	369,493,327	51,832,005	1,771,157,147	5,734,328,781	2.0700
2015	2014*	670,533,560	661,774,175	6,327,100	403,466,509	53,756,776	1,795,858,120	5,816,219,071	2.0700
2014	2013	661,117,320	656,652,875	6,122,250	407,237,524	52,692,551	1,785,012,769	5,784,231,932	1.9400
2013	2012	637,745,231	632,822,600	6,301,400	352,511,056	47,486,322	1,678,554,710	5,763,618,186	1.9700
2012	2011**	636,935,120	588,474,175	5,983,325	359,875,528	51,988,058	1,643,256,206	5,604,513,479	1.9700
2011	2010*	625,090,560	569,650,900	5,913,398	386,518,022	54,411,500	1,641,584,382	5,305,111,318	1.9400
	Rate	40%	25%	25%	30%	55%			

⁽¹⁾ A material portion of the City's property tax revenue is derived from one taxpayer, the loss of which would have a material effect on the City. During the tax year 2019, assessments for this one taxpayer accounted for approximately 21.9% of the total property tax assessment.

⁽²⁾ Direct tax rate paid by residents in the Sullivan County portion of the City. Residents located in the Hawkins County portion of the City pay a different rate (see the table on the following page). Residents in the City in Hawkins and Sullivan Counties also pay a separate tax to each jurisdiction.

* Reappraisal in the Sullivan County portion of the City.

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

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

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Property Tax Levies, Rates and Collections. The following table depicts property tax levies and collections for fiscal years ending June 30, 2011 through 2020:

FY	Tax Year	Combined Assessed Valuation ⁽¹⁾	Sullivan County Tax Rates		Hawkins County Tax Rates		City Fiscal Year Collections		
			City Rate	County Rate	City Rate	County Rate	Adjusted Taxes Levied ⁽³⁾	Amount ⁽²⁾	Pct. Adj. Levy
2020	2019	\$1,878,156,270	\$2.0643	\$2.5700	\$1.8900	\$2.5323	\$40,010,160	\$39,181,687	97.93%
2019	2018	1,919,442,436	1.9750	2.5500	1.9750	2.5323	39,133,836	38,376,785	98.07%
2018	2017*	1,885,882,539	1.9750	2.5500	1.9750	2.5323	38,733,758	37,910,311	97.87%
2017	2016**	1,784,915,122	2.0700	2.5754	2.0100	2.5323	38,947,473	38,148,030	97.95%
2016	2015	1,771,157,147	2.0700	2.5754	2.0100	2.4650	37,786,449	36,831,749	97.47%
2015	2014	1,795,858,120	2.0700	2.3054	2.0100	2.4650	38,090,183	37,242,618	97.77%
2014	2013*	1,785,012,769	1.9400	2.3054	1.8800	2.3450	35,124,139	34,296,096	97.64%
2013	2012	1,678,554,710	1.9700	2.3307	1.8500	2.3450	33,610,542	32,509,564	96.72%
2012	2011**	1,643,256,206	1.9700	2.1307	1.8500	2.3450	32,696,105	31,684,065	96.45%
2011	2010	1,641,584,382	1.9400	2.1307	2.2400	2.7050	32,297,608	31,071,305	96.20%

⁽¹⁾ A material portion of the City's property tax revenue is derived from one taxpayer, the loss of which would have a material effect on the City. During the tax year 2019, assessments for this one taxpayer accounted for approximately 21.9% of the total property tax assessment.

⁽²⁾ Includes amounts derived from PILOT agreements.

* Reappraisal in the Sullivan County portion of the City.

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

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

Ten Largest Taxpayers. According to the City, the 10 largest taxpayers for the FYE June 30, 2020 (Tax Year 2019) compared to FYE June 30, 2011 (Tax Year 2011) were as follows:

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Eastman	\$ 411,213,574	1	21.9%	\$ 406,862,939	1	24.8%
Domtar, Inc (Weyerhaeuser Co/ Willamette Industries)	57,859,231	2	3.1%	29,004,892	2	1.8%
Ballad Health (Wellmont Health/ Mountain States Health)	27,872,905	3	1.5%	39,182,201	3 & 7	2.4%
Holston Family Practice	26,801,973	4	1.4%			
Kingsport Power Company (AEP)	23,580,195	5	1.3%	17,828,101	4	1.1%
Eastman Credit Union	17,077,525	6	0.9%	9,219,225	10	0.6%
RPAI Kpt East Stone LLC/C Jackson	16,539,880	7	0.9%	9,607,560	8	0.6%
Wal-Mart Properties	12,033,560	8	0.6%	9,228,840	9	0.6%
Cross Creek/Allandale Falls/ Brandy Mill Apartments	9,527,997	9	0.5%	13,157,040	6	0.8%
Kingsport Hotel LLC	9,411,363	10	0.5%			
Fort Henry Mall - Baltry, LLC				17,033,633	5	1.0%
Totals	\$ 611,918,203		32.6%	\$ 551,124,431		33.7%

Source:

City of Kingsport

LOCAL OPTION SALES AND USE TAX

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

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

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

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The distribution of the sales tax for the most recent fiscal years was as follows:

Fiscal Year	City-Wide Total Sales Tax	FY % Change	General Fund	Regional Fund⁽¹⁾
2020	\$21,561,830	(1.38%)	\$17,784,092	\$3,777,738
2019	21,863,519	0.01%	17,982,774	3,880,745
2018	21,706,556	3.02%	17,834,086	3,872,470
2017	20,925,314	(1.67%)	17,177,049	3,748,265
2016	21,282,094	3.70%	17,474,902	3,807,192
2015	20,522,223	5.83%	16,848,127	3,674,106
2014	19,390,768	3.05%	15,901,590	3,489,178
2013	18,816,178	1.42%	15,439,975	3,376,203
2012	18,789,437	5.68%	15,432,814	3,356,623
2011	17,778,766	4.17%	14,594,959	3,183,807

⁽¹⁾ One quarter percent (0.25%) is levied by the City only in that portion of the City located in Sullivan County (the “Regional Fund”) and has been and will be used to offset the costs related to the City’s Meadowview Conference Center and Resort and related facilities and the Aquatics Center and Water park which serve the City and the region. All totals are depicted on an accrued basis as of the end of the appropriate fiscal year.

Source: Comprehensive Annual Financial Report and the City.

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

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

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

The City’s General Obligation Improvement Bonds, Series 2018C, dated September 21, 2018 are being used to fund projects subject to the 0.25% local option sales tax levied by the City within the corporate limits and within Sullivan County, Tennessee. The Series 2018C Bonds are secured

by the City’s general obligation pledge and payable from, but not secured by, such local option sales tax revenues.

TOP TEN WATER CUSTOMERS

The City’s Water Treatment facility has a capacity of 28 MGD (WTP capacity). Water is distributed through nearly 851 miles of waterlines. There are currently 35,534 total customers (12,506 outside the City) as of June 30, 2020.

TOP TEN WATER CUSTOMERS			
For the Fiscal Year Ended June 30, 2020			
<u>Customer Name</u>	<u>Consumption (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY 2020 Water Sales</u>
Eastman	1,038,328,200	\$ 1,990,277	15.02%
BAE Systems	77,918,600	149,642	1.13%
Domtar Paper Co, LLC	62,651,700	132,634	1.00%
Holston Valley Medical Center	50,788,800	96,119	0.73%
Allandale Falls	21,007,900	39,653	0.30%
Kingsport Housing Authority	10,943,200	36,570	0.28%
Indian Path Hospital	18,837,200	35,703	0.27%
Cross Creek Apartments	9,223,400	28,136	0.21%
Model City II, L.P.	11,152,600	27,933	0.21%
Eastman Credit Union	10,728,300	26,363	0.20%
	<u>1,311,579,900</u>	<u>\$ 2,563,030</u>	<u>19.34%</u>
Total Water Sales Revenue - FY 2020	<u>\$ 13,246,941</u>		

Source: City of Kingsport Finance Department. For information on the current rate structures, see the Comprehensive Annual Financial Report referenced in Appendix D.

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TOP TEN SEWER CUSTOMERS

The City’s Wastewater Treatment facility has a current capacity of 12.4 MGD. Wastewater is collected through nearly 501 miles of sewer lines. There are currently about 22,886 total connections (1,116 outside the City) as of June 30, 2020.

TOP TEN SEWER CUSTOMERS			
For the Fiscal Year Ended June 30, 2020			
<u>Customer Name</u>	<u>Treatment (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY 2020 Sewer User Fees</u>
Eastman	198,675,700	\$ 1,620,670	11.44%
BAE Systems	22,583,400	184,019	1.30%
Holston Valley Medical Center	21,585,500	175,729	1.24%
Allandale Falls	21,007,900	171,004	1.21%
Domtar Paper Co, LLC	18,010,500	146,620	1.04%
Indian Path Hospital	11,277,200	91,922	0.65%
Model City II, L.P.	11,152,600	90,810	0.64%
Holston Manor	10,496,900	85,445	0.60%
Kingsport Housing Authority	10,287,300	80,889	0.57%
Cross Creek Apartments	9,167,800	74,633	0.53%
	<u>334,244,800</u>	<u>\$ 2,721,741</u>	<u>19.22%</u>
Total Sewer User Fee Revenue - FY 2020	<u>\$ 14,162,871</u>		

Source: City of Kingsport Finance Department. For information on the current rate structures, see the Comprehensive Annual Financial Report referenced in Appendix D.

PENSION PLANS

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

OTHER POST-EMPLOYMENT BENEFITS

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

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CITY OF KINGSPORT, TENNESSEE

\$14,925,000

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020 (FEDERALLY TAXABLE)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Kingsport, Tennessee (the “City”) in connection with the issuance of \$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable) (the “Bonds”), dated the date of original issuance and delivery. The Bonds are being issued pursuant to a resolution adopted by the Board of Mayor and Aldermen of the City on October 6, 2020 (the “Resolution”). The City covenants and agrees as follows:

SECTION 1.

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

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

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

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

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

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

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

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

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

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

“State” shall mean the State of Tennessee.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than twelve months after the end of the City’s fiscal year, commencing with the report for the fiscal year ending June 30, 2020, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross- reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5(c) hereof.

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

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

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

The Annual Report shall also include the following information in a format similar to that included in the “Official Statement”, dated November 9, 2020 relating to the Bonds (the “Official Statement”):

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

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

SECTION 5. Reporting of Material Events.

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

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

12. Bankruptcy, insolvency, receivership or similar event of the City.
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of the name of a trustee, if material.
15. Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority of rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

For purposes of the event identified in subsection (a)12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Raymond James & Associates, Inc.

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

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

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

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

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF KINGSPORT, TENNESSEE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This document and similar documents for a number of prior fiscal years may be found in electronic, searchable format on the City of Kingsport's official web site:

<https://www.kingsporttn.gov/government/finance-department/financial-reports/>

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

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