NEW ISSUE
Book-Entry-Only

Rating: Standard & Poor's: "AA-"

PRELIMINARY OFFICIAL STATEMENT

$9,775,000*
CITY OF ALCOA, TENNESSEE
General Obligation Refunding Bonds, Series 2016A

OFFERED FOR SALE NOT SOONER THAN

Wednesday, February 10, 2016 at 10:15 A.M. E.S.T.
Through the Facilities of ***PARITY***®
and at the offices of
Cumberland Securities Company, Inc.
Knoxville, Tennessee

Cumberland Securities Company, Inc.
Financial Advisor

February 1, 2016

*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 1, 2016

NEW ISSUE Rating: Standard & Poor's: "AA- "
BOOK-ENTRY-ONLY (See "MISCELLANEOUS-Rating")

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "LEGAL MATTERS - Tax Matters" herein).

$9,775,000*

CITY OF ALCOA, TENNESSEE

General Obligation Refunding Bonds, Series 2016A

Dated: Date of Delivery (assume March 10, 2016) Due: June 1 (as indicated below)

The $9,775,000* General Obligation Refunding Bonds, Series 2016A (the "Bonds") shall be issued by the City of Alcoa, Tennessee (the "City") as book-entry-only Bonds in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on June 1, 2016 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

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

Bonds maturing June 1, 2023 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2022.

Maturity (June 1)	Amount*	Interest Rate	Yield	CUSIPS **	Maturity (June 1)	Amount*	Interest Rate	Yield	CUSIPS **
2016	$ 100,000				2030	$ 115,000			
2017	70,000				2031	440,000			
2018	70,000				2032	490,000			
2019	320,000				2033	530,000			
2020	220,000				2034	520,000			
2021	230,000				2035	510,000			
2022	235,000				2036	660,000			
2023	290,000				2037	265,000			
2024	295,000				2038	360,000			
2025	300,000				2039	355,000			
2026	300,000				2040	405,000			
2027	335,000				2041	900,000			
2028	345,000				2042	995,000			
2029	120,000								

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire PRELIMINARY OFFICIAL STATEMENT to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Robertson Overbey, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon from the City by Robertson Overbey, Counsel to the City. It is expected that the Bonds, will be available for delivery through the facilities of DTC, New York, New York, on or about March __, 2016.

Cumberland Securities Company, Inc.
Financial Advisor

February __, 2016 *Preliminary, subject to change.

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

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

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

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

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

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

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

CITY OF ALCOA, TENNESSEE

MEMBERS OF CITY COMMISSION

Donald R. Mull, *Mayor*

Clint Abbott, *Vice Mayor*

Vaughn D. Belcher Clayton Bledsoe

Kenneth White

CITY OFFICIALS

Mark L. Johnson
City Manager

Bill Hammon
Assistant City Manager

Susan Gennoe
City Recorder/Finance Director

Doug Overbey
City Attorney

REGISTRATION AND PAYING AGENT

Regions Bank
Knoxville, Tennessee

BOND COUNSEL

Robertson Overbey
Knoxville, Tennessee

FINANCIAL ADVISOR

Cumberland Securities Company, Inc.
Lenoir City, Tennessee

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SUMMARY STATEMENT

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

Issuer	City of Alcoa, Tennessee (the "City", "Municipality" or "Issuer"). See APPENDIX B contained herein.
The Bonds.....................................	$9,775,000* General Obligation Refunding Bonds, Series 2016A (the "Bonds").
Security...	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are hereby irrevocably pledged. That portion of the Bonds that finances or refinances improvements to the City's water and sewer system shall be additionally payable from but not secured by a pledge of the City's pledge of the revenues to be derived from the operation of such water and sewer system.
Purpose	The Bonds are being issued for the purpose of (i) refinancing, in whole or in part, outstanding Bonds of the City, as described herein; and (ii) payment of the costs related to the issuance and sale of the Bonds.
Optional Redemption	The Bonds are subject to optional redemption prior to maturity on or after June 1, 2022, at the redemption price of par plus accrued interest. See section entitled "SECURITIES OFFERED - Optional Redemption".
Tax Matters...................................	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled "LEGAL MATTERS-Tax Matters" and APPENDIX A (form of opinion) included herein.
Bank Qualification	The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled "LEGAL MATTERS - Tax Matters" for additional information.
Rating..	Standard & Poor's: "AA-". See the section entitled "MISCELLANEOUS - Rating" for more information.
Registration and Paying Agent	Regions Bank, Nashville, Tennessee (the "Registration Agent").
Bond Counsel	Robertson Overbey, Knoxville, Tennessee.
Financial Advisor	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS - Financial Advisor; Related Parities; Others", herein.
Underwriter...................................	________________________________.
Book-Entry-Only...........................	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION – Book–Entry-Only System".

*Preliminary, subject to change.

General .... The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.

Disclosure .... In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 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."

Other Information .... The information in the Preliminary Official Statement is deemed "final" within the meaning of the Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omission of certain pricing and other information. For more information concerning the City, or the PRELIMINARY OFFICIAL STATEMENT, contact Mr. Donald R. Mull, Mayor or Mark L. Johnson, City Manager, 223 Associates Boulevard, Alcoa, Tennessee 37701, Telephone: 865-380-4700; or the City's Financial Advisor, Cumberland Securities Company, Inc., P.O. Box 24508, Knoxville, Tennessee 37933, Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850.7422.

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

	2011	**2012**	**2013**	**2014**	**2015**
Beginning Fund Balance	$2,409,019	$5,130,428	$2,517,547	$2,592,563	$3,773,269
Revenues	19,229,765	15,836,264	18,660,264	20,171,232	21,881,523
Expenditures	(16,883,474)	(15,633,790)	(15,892,806)	(16,777,409)	(17,552,434)
Other Financing Sources:					
Transfers In	500,000	250,000	250,000	-	-
Transfers Out	(2,757,060)	(4,686,856)	(4,512,099)	(4,050,000)	(4,682,383)
Other Sources and Uses	2,528,947	1,621,501	1,629,657	1,686,883	1,728,324
Excess of Revenue/Other Sources Over (Under)	2,618,178	(2,612,881)	75,016	1,180,706	1,375,030
Ending Fund Balance	**$5,130,428**	**$2,517,547**	**$2,592,563**	**$3,773,269**	**$5,148,299**

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

SUMMARY NOTICE OF SALE

$9,775,000*

CITY OF ALCOA, TENNESSEE
General Obligation Refunding Bonds, Series 2016A

NOTICE IS HEREBY GIVEN that the Mayor of the City of Alcoa, Tennessee (the "City") will receive electronic or written sealed bids until **10:15 a.m. E.S.T.** on **Wednesday, February 10, 2015** for the purchase of all, but not less than all, of the City's $9,775,000* General Obligation Refunding Bonds, Series 2016A (the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in the "Detailed Notice of Sale". In case of written sealed bids, bids will be received at the office of the City's Financial Advisor, Cumberland Securities Company, Inc., Lenoir City, Tennessee. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 9:30 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours notice via Bloomberg News Service and/or the ***PARITY®*** System.

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

The Bonds will be issued in book-entry form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume March 10, 2016). The Bonds will mature on June 1 in the years 2016 through 2042, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing June 1, 2016 and will be subject to optional redemption prior to maturity on or after June 1, 2022. Bidders must bid not less than ninety-nine percent (99.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the City by Robertson Overbey, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Bonds shall exceed five percent (5.00%) per annum. Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds.

Additional information, including the PRELIMINARY OFFICIAL STATEMENT in near final form and the Detailed Notice of Sale, may be obtained through www.prospectushub.com or from the City's Financial Advisor, Cumberland Securities Company, Inc., P.O. Box 24508, Knoxville, Tennessee 37933, Telephone: (865) 988-2663. Further information regarding ***PARITY®*** may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

CITY OF ALCOA, TENNESSEE
By: Donald R. Mull, City Mayor

*Preliminary, subject to change.

DETAILED NOTICE OF SALE

$9,775,000*
CITY OF ALCOA, TENNESSEE

General Obligation Refunding Bonds, Series 2016A

NOTICE IS HEREBY GIVEN that the Mayor of the City of Alcoa, Tennessee (the “City”) will receive electronic or written sealed bids until **10:15 a.m. E.S.T.** on **Wednesday, February 10, 2015** for the purchase of all, but not less than all, of the City's $9,775,000* General Obligation Refunding Bonds, Series 2016A (the “Bonds”). Electronic bids must be submitted through ***PARITY***® as described in this “Detailed Notice of Sale.**”** In case of written sealed bids, bids will be received at the office of the City’s Financial Advisor, Cumberland Securities Company, Inc., Lenoir City, Tennessee. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY***® System not later than 9:30 a.m., Eastern Standard Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours notice via Bloomberg News Service and/or the ***PARITY***® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance, bear interest payable each June 1 and December 1, commencing June 1, 2016, be issued, or reissued upon transfer, in $5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature (subject to the right of redemption as hereinafter set forth) and be payable as follows:

YEAR (JUNE 1)	AMOUNT*	YEAR (JUNE 1)	AMOUNT*
2016	$ 100,000	2030	$ 115,000
2017	70,000	2031	440,000
2018	70,000	2032	490,000
2019	320,000	2033	530,000
2020	220,000	2034	520,000
2021	230,000	2035	510,000
2022	235,000	2036	660,000
2023	290,000	2037	265,000
2024	295,000	2038	360,000
2025	300,000	2039	355,000
2026	300,000	2040	405,000
2027	335,000	2041	900,000
2028	345,000	2042	995,000
2029	120,000		

Bank Qualification. The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended.

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee. When the Bonds are issued, ownership interests will be available to

*Preliminary, subject to change.

purchasers only through a book-entry system maintained by DTC (the "Book-Entry-Only System"). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of $5,000 for the Bonds and any integral multiple of $5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the winning bidder certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-entry system is not required.

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

Security Pledged. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are hereby irrevocably pledged. That portion of the Bonds that finances or refinances improvements to the City's water and sewer system shall be additionally payable from but not secured by a pledge of the City's pledge of the revenues to be derived from the operation of such water and sewer system.

Purpose. The Bonds are being issued for the purpose of providing funds to (i) refund all or a portion of certain outstanding indebtedness of the City; and (ii) pay all legal, fiscal and administrative costs incident to the issuance and sale of the Bonds.

Optional Redemption. The Bonds maturing on June 1, 2023, and thereafter, will be subject to optional redemption prior to maturity at the option of the City on and after June 1, 2022 at the redemption price of par plus accrued interest as provided herein.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If the successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date. Term Bonds to be redeemed within a single maturity shall be selected in the manner provided above for optional redemption of Bonds within a single maturity.

Bidding Instructions. The City will receive electronic or sealed written bids for the purchase of all, but not less than all, of the Bonds. Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than ninety-nine percent (99.00%) of par or more than one hundred and twenty-five percent (125%) of par.

Bidders may designate consecutive serial maturities of the Bonds as one or more Term Bond maturities equal in aggregate principal amount to, and with mandatory redemption requirements corresponding to, such designated serial maturities.

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

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

In the event of a system malfunction in the electronic bidding process only, bidders may submit bid prior to the established date and time by FACSIMILE transmission sent to the City's Financial Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Financial Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Separate written sealed bids should be submitted in sealed envelope marked "Bid for Bonds" at the offices of the City's Financial Advisor, P.O. Box 24508, Knoxville, TN 37933. Written bids must be submitted on the Bid Forms included with the PRELIMINARY OFFICIAL STATEMENT.

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

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor of the City to the bidder whose bid complies with this notice and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

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

Adjustment and/or Revision. While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds. Accordingly, the Mayor reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to $2,500,000. The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds. The maximum adjustment will only be made if the maximum bid (including premium) is received.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Financial Advisor (wire transfer or certified check) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A certified check or wire transfer must be received by the City's Financial Advisor no later than the close of business on the day following the competitive sale. A wire transfer may be sent to First Tennessee Bank, ABA Number: 084-000-026 First Tenn Mem, FAO Cumberland Securities Company, Inc., Account No. 183302631, for further credit to Good Faith Trust Account.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

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

1. The offering prices or yields for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest, if applicable);

2. Selling compensation (aggregate total anticipated compensation to the underwriter expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields as provided above);

3. The identity of the underwriters if the successful bidder is part of a group or syndicate; and

4. Any other material information necessary to complete the *Official Statement* in final form but not known to the City.

In addition, within two hours of the award of the Bonds, the successful bidder shall furnish to the City a certificate acceptable to Bond Counsel stating: (i) the reoffering prices (as shown in the bidder's winning bid); (ii) that the successful bidder will make a bona fide public offering of the Bonds at such reoffering prices; and (iii) that the successful bidder reasonably expects that the Bonds (or at least 10% of each maturity of the Bonds) will be sold to the public (excluding bond houses, brokers and other intermediaries) at those reoffering prices.

As a condition to the delivery of the Bonds, the successful bidder will be required to deliver a certificate to the City confirming that nothing has come to the bidder’s attention that would lead it to believe that its certification with respect to the reoffering prices of the Bonds given in connection with the award of the Bonds is inaccurate, and addressing such other matters as to the reoffering prices of the Bonds as bond counsel may request.

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

<u>Continuing Disclosure</u>. At the time the Bonds are delivered, the City will execute a continuing disclosure certificate (the “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 (12) months after each of the City's fiscal years, (the “Annual Report”), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (the “EMMA”) and any State Information Depository established in the State of Tennessee (the “SID”). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the City's Official Statement to be prepared and distributed in connection with the sale of the Bonds.

<u>Delivery of Bonds.</u> Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days notice will be given to the successful bidder. Delivery will be made in book-entry form through the facilities of DTC, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

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

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

sell the Bonds. Acceptance of the bid will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, Cumberland Securities Company, Inc., P.O. Box 24508 Knoxville, Tennessee, 37933, Telephone: 865-988-2663. Further information regarding ***PARITY®*** may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

CITY OF ALCOA, TENNESSEE

By: Donald R. Mull
City Mayor

BID FORM

The Honorable Donald R. Mull, Mayor
223 Associates Boulevard
Alcoa, Tennessee 37701

February 10, 2016

Dear Mayor Mull:

For your legally issued, properly executed $9,775,000* General Obligation Refunding Bonds, Series 2016A (the "Bonds") of City of Alcoa, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of __________________________________ _____________________ ($______________________).

The Bonds shall be dated the date of issuance (assume March 10, 2016) and shall be callable in accordance with the DETAILED NOTICE OF SALE. The Bonds shall mature on June 1 and bear interest at the following rates:

Maturity (June 1)	Amount*	Rate	Maturity (June 1)	Amount*	Rate
2016	$ 100,000	___	2030	$ 115,000	___
2017	70,000	___	2031	440,000	___
2018	70,000	___	2032	490,000	___
2019	320,000	___	2033	530,000	___
2020	220,000	___	2034	520,000	___
2021	230,000	___	2035	510,000	___
2022	235,000	___	2036	660,000	___
2023	290,000	___	2037	265,000	___
2024	295,000	___	2038	360,000	___
2025	300,000	___	2039	355,000	___
2026	300,000	___	2040	405,000	___
2027	335,000	___	2041	900,000	___
2028	345,000	___	2042	995,000	___
2029	120,000	___			___

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

Term Bond 1: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 2: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 3: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 4: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 5: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.
Term Bond 6: Maturities from June 1, 20_______ through June 1, 20_______ @ _______%.

It is our understanding that the Bonds are offered for sale as "qualified tax-exempt obligations" subject to the final approving opinion of Robertson Overbey, Bond Counsel, Knoxville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

Accepted for and on behalf of the
City of Alcoa, Tennessee, this
10th day of February, 2016.

____
Donald R. Mull, Mayor

Respectfully submitted,
____
____

Total interest cost from
March 10, 2016 to final maturity $____________________
Less: Premium /plus discount, if any $_________________
Net Interest Cost .... $_________________
True Interest Rate .... _____________%

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

*Preliminary, subject to change.

$9,775,000*
CITY OF ALCOA, TENNESSEE
General Obligation Refunding Bonds, Series 2016A

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This PRELIMINARY OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto is furnished in connection with the offering by the City of Alcoa, Tennessee (the “City”, “Municipality” or “Issuer”) of its $9,775,000* General Obligation Refunding Bonds, Series 2016A (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, and other applicable provisions of the law and pursuant to resolutions (the “Resolution”) adopted by the Board of Commissioners of the City on December 08, 2015.

The Bonds are being issued for the purpose of providing funds to (i) refinance a portion of certain outstanding indebtedness of the City, as described herein; (ii) pay all legal, fiscal and administrative costs incident to the issuance and sale of the Bonds.

REFUNDING PLAN

With the proceeds of the Bonds, the City is proposing to refinance a portion of its (i) General Obligation Bonds, Series 2008, dated May 22, 2008, maturing June 1, 2019 and thereafter and (2) B-17-A Loan Agreement, dated June 1, 2008 and the related Local Government Public Improvement Bonds, Series B-17-A, dated June 20, 2008, issued by the Public Building Authority of Blount County, Tennessee, maturing June 1, 2019 and thereafter (collectively, the "Outstanding Indebtedness")

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the “Plan”) for the Outstanding Indebtedness was submitted to the Director of State and Local Finance for the State of Tennessee for review, and the report with respect to the Plan was issued on December 3, 2015.

DESCRIPTION OF THE BONDS

The Bonds will be initially dated and bear interest from the date of issuance (assume March 10, 2016). Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2016. The Bonds are issuable in registered book-entry form only and in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

*Preliminary, subject to change.

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

SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are hereby irrevocably pledged. That portion of the Bonds that finances or refinances improvements to the City's water and sewer system shall be additionally payable from but not secured by a pledge of the City's pledge of the revenues to be derived from the operation of such water and sewer system.

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

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

Under the Internal Revenue Code of 1986, as amended (the "Code"), in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations," as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

OPTIONAL REDEMPTION

Bonds maturing June 1, 2023, and thereafter, shall be subject to redemption prior to maturity at the option of the City on June 1, 2022 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

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

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

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

MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing June 1, 20__, and June 1, 20__ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may designate.

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

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

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

NOTICE OF REDEMPTION

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

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described below. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry System is not required.

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to

Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds f or their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Transfers of Bonds. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not 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.

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

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the 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 Financial Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

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

DISPOSITION OF BOND PROCEEDS

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

(a) An amount sufficient, together with such other City funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, to refund the Outstanding Indebtedness shall be applied to the refunding thereof by paying such funds directly to the holders (or paying agents or trustees for the holders) of the Outstanding Indebtedness or, at the direction of the Mayor, by depositing the same in a refunding escrow account to secure the payment of the Outstanding Indebtedness

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

DISCHARGE AND SATISFACTION OF BONDS

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

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

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

3. By delivering such Bonds to the Registration Agent for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void; and if the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

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

REMEDIES OF BONDHOLDERS

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

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

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

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LEGAL MATTERS

LITIGATION

There are no claims against the City, including claims in litigation, which, in the opinion of the City, would have a material adverse effect on the City's financial position. 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.

TAX MATTERS

Federal

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code")
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

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

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

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

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the

Bonds or affect the market price of the Bonds. See also "Proposed Legislation and Other Matters" below in this heading.

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

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

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

Qualified Tax-Exempt Obligations. Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

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

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

State Taxes

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

CHANGES IN FEDERAL AND STATE TAX LAW

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

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

CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement,* in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Robertson Overbey, Knoxville, Tennessee, bond counsel. Bond counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, bond counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled "LEGAL MATTERS - Tax Matters." The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled MISCELLANEOUS – "Competitive Public Sale", "Additional Information" and "Continuing Disclosure."

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MISCELLANEOUS

RATING

Standard & Poor's Rating Services ("Standard & Poor's") has given the Bonds the rating of "AA-".

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

The rating reflects only the views of Standard & Poor's and any explanation of the significance of such rating should be obtained from Standard & Poor's.

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on February 10, 2016. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated February 1, 2016.

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

FINANCIAL ADVISOR; RELATED PARTIES; OTHER

Financial Advisor. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as financial advisor (the "Financial Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Financial Advisor has not been engaged by the City to compile, create, or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the City, any of its affiliated or constractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Finaincial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

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

Official Statements. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Financial Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the City's Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

ADDITIONAL DEBT

The City has authorized the refinancing of the outstanding Series 2009 Bonds. Additionally the City has ongoing capital projects that may or may not require the issuance of debt.

DEBT RECORD

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

CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2016 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year History of Filing. In the past five years, the City has filed its Annual Reports at www.emma.msrb.org under the base CUSIP Number 13842 which is the base CUSIP Number for the City; however, the City inadvertently failed to also file such Annual Reports under the CUSIP Number of certain conduit issuers of bonds for which the City was an obligated person. The City has now additionally filed its Annual Reports for all outstanding bonds for which it is an obligated person under the conduit issuer's CUSIP Number. While it is believed that all appropriate filings were made with respect to the ratings of the City's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12. With the exception of the foregoing, for the past five years, the City has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted auditing standards, provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-15;

2. The indebtedness and debt ratio as of the end of such fiscal year, together with information about the property tax base as shown on pages B-16 and B-17;

3. Information about the Bonded Debt Service Requirements – General Fund and General Debt Service Fund as of the end of such fiscal year as shown on page B-18;

4. Information about Bonded Debt Service Requirements – Solid Waste System as of the end of such fiscal year as shown on page B-19;

5. Information about Bonded Debt Service Requirements – Water and Sewer System as of the end of such fiscal year as shown on page B-20;

6. Information about Bonded Debt Service Requirements – Electric System as of the end of such fiscal year as shown on page B-21;

7. The fund balances and retained earnings for the fiscal year as shown on page B-23;

8. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-24;

9. Summary of Revenues, Expenditures and Changes in Fund Balance – Water and Sewer Fun for the fiscal year as shown on page B-25;

10. Summary of Revenues, Expenditures and Changes in Fund Balance – Electric Fund for the fiscal year as shown on page B-26;

11. The estimated assessed value of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-32;

12. Property tax rates and tax collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-32; and

13. The ten largest taxpayers as shown on page B-33.

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

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

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the

occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

   a. Principal and interest payment delinquencies;

   b. Non-payment related defaults, if material;

   c. Unscheduled draws on debt service reserves reflecting financial difficulties;

   d. Unscheduled draws on credit enhancements reflecting financial difficulties;

   e. Substitution of credit or liquidity providers, or their failure to perform;

   f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

   g. Modifications to rights of Bondholders, if material;

   h. Bond calls, if material, and tender offers;

   i. Defeasances;

   j. Release, substitution, or sale of property securing repayment of the securities, if material;

   k. Rating changes;

   l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

   m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

   n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

ADDITIONAL INFORMATION

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

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

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

The PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in this PRELIMINARY OFFICIAL STATEMENT or the OFFICIAL STATEMENT, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this Preliminary Official Statement as “final” as of its date within the meaning of the Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to the Rule 15c2-12.

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CERTIFICATION OF ISSUER

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

/s/ ________________________________
Mayor

ATTEST:

/s/ ________________________________
City Recorder

APPENDIX A

FORM OF LEGAL OPINION

February __, 2016

City of Alcoa, Tennessee
c/o City Mayor
223 Associates Blvd
Alcoa, Tennessee 37701

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Alcoa, Tennessee (the "Issuer") of $9,775,000 General Obligation Refunding Bonds, Series 2016, dated February __, 2016, (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and are valid and binding obligations of the Issuer.

2. The resolution of the Board of Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer to which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Issuer.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from a bondholder's gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax, and is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of

the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no other opinion regarding other federal tax consequences arising with respect to the Bonds.

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

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

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

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

Yours very truly,

Robertson Overbey

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

The City of Alcoa (the “City”) is located in eastern Tennessee in Blount County (the “County”). The County is bordered to the east by Sevier County, to the north by Knox County and to the west by Loudon County. The southern border is Monroe County and the State of North Carolina. Other incorporated towns within the County are Maryville, the county seat and the largest city, Rockford, Friendsville and Townsend. Vonore is an unincorporated town that is in both Blount County and Monroe County.

The County is in the extreme eastern portion of Tennessee. Bordering the Great Smoky Mountains National Park, the immediate surrounding terrain is hilly and mountainous while much of the county is covered with rolling farmlands. Blount County is situated near the geographic center of the eastern United States with approximately 50 percent of the U.S. population within a 500-mile radius. The County benefits from being a gateway to the Great Smoky Mountains National Park. The scenic and recreational attractions of the park attract an ever increasing number of tourists to the County yearly.

The County is also situated at the southern boundary of the Oak Ridge Technology corridor, a nationally recognized high-technology research and development center. Additionally, Maryville is located about four miles from the Pellissippi Parkway extension, which makes residents within a 10 to 20 minute drive to the West Knoxville - Oak Ridge area.

GENERAL

The County covers 559 square miles (52.4% of which is devoted to agriculture) in the extreme eastern portion of Tennessee. The County lies in an agriculturally rich section of the State. Major crops include tobacco, strawberries, crimson clover, sheep, cattle, dairy and truck farming.

The County is part of the Knoxville Metropolitan Statistical Area (the “MSA”) that had a population of 837,571 according to the 2010 US Census. The MSA includes Knox (Knoxville and Farragut), Anderson (Oak Ridge and Clinton), Blount (Maryville and Alcoa), Campbell (LaFollette), Grainger (Rutledge), Loudon (Loudon), Morgan (Wartburg), Roane (Harriman) and Union (Maynardville) Counties.

The County is also part of the Knoxville-Sevierville-Harriman Combined Statistical Area (the “CSA”). According to the 2010 Census, the CSA had a population of 1,056,442. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 178,874 according to the 2010 Census. The County has a Census 2010 population of approximately 123,010. The population of Maryville as counted in the 2010 Census was 27,465.

TRANSPORTATION

The area has excellent transportation facilities by rail, air, river and highway. Both the Norfolk Southern and CSX Railroads have terminals and stops in the County, with lines radiating in nine directions. The Pellissippi Highway (I-140) provides a direct link to I-40 and I-75 in Knox County. Major highways serving the County include U.S. Highway 44, 129, 321, 411 and 441 as well as State Routes 33, 75 and 95.

McGhee Tyson Airport. The McGhee Tyson Airport is the principal commercial airport in East Tennessee, serving the commercial airline industry, air cargo, military aviation and general aviation. With parallel 9,000 feet runways, McGhee Tyson Airport can accommodate any size aircraft. The Airport is located within the city limits of Alcoa 12 miles south of downtown Knoxville. The airport occupies more than 2,000 acres of land with space for additional air cargo facilities or economic development. This facility is owned and managed by the Metropolitan Knoxville Airport Authority. About 2,700 people work at the airport.

According to a 2012 study by the University of Tennessee's Center for Transportation Research, the airport contributes over $616 million to the local economy (including Anderson, Blount, Knox, Loudon and Sevier Counties) every year. The report examined the employment, business and tax impacts of the airport, including the Downtown Island Airport.

The Metropolitan Knoxville Airport Authority (MKAA) was established in 1978 as an independent nonprofit agency to own and operate McGhee Tyson Airport and Downtown Island Airport. The Authority's nine-member Board of Commissioners is appointed by the Mayor of Knoxville and confirmed by City Council. This board determines the policies for the current Airport Authority staff of 150 employees in six departments. The board appoints a President who serves as the chief administrator and executive officer. All of the revenues are generated by user fees and rental income so no taxpayer dollars are used to support airport operations.

Five air cargo services provide daily service. In addition, six passenger airlines carry air cargo on most flights. More than 80,000,000 pounds of airfreight annually pass through its cargo facilities. Federal Express, United Parcel Service and DHL are the main couriers.

McGhee Tyson Airport has several major airlines serving 20 non-stop destinations including Atlanta, Chicago, Dallas/Ft. Worth, Denver, Houston, Myrtle Beach, New York, Orlando, Philadelphia and Washington D.C. With more than 120 arrivals and departures each day and more than 4,000 seats available, McGhee Tyson Airport is one of the most convenient and accessible regional airports in the nation.

The airport is served by several low fare carriers: Allegiant Air and Frontier Airlines. Allegiant Travel Company is focused on linking travelers in small cities to world-class leisure destinations such as Las Vegas, NV, Myrtle Beach, NC, Orlando, Fla., Ft. Lauderdale, Fla., Sarasota/Fort Meyers, Fla. and Tampa/St. Petersburg, Fla. Through its subsidiary, Allegiant Air, the Company operates a low-cost, high-efficiency, all-jet passenger airline offering air travel both on a stand-alone basis and bundled with hotel rooms, rental cars and other travel related services. Frontier Airlines started flight in the summer of 2011 from Knoxville to its hub in Denver, Colorado and to Chicago, Illinois, Provo, Utah and Sioux Falls, South Dakota.

McGhee Tyson is served by major and regional carriers including:

Major Airlines:		***Regional Carriers:***	
Allegiant Air	Frontier Airlines	American Eagle	United Express
Delta Airlines			

Source: Metropolitan Knoxville Airport Authority.

These airlines connect passengers with service to several hub airports across the nation on more than 120 flights daily.

McGhee Tyson Airport

Total Year	**Commercial Passengers**	**Total Air Cargo in Pounds**
2005	1,846,794	84,346,541
2006	1,674,877	92,219,596
2007	1,821,581	100,286,989
2008	1,742,579	97,366,366
2009	1,680,716	82,304,377
2010	1,688,882	93,393,658
2011	1,773,671	92,390,849
2012	1,747,145	91,514,071
2013	1,676,374	84,029,942
2014	1,738,133	74,115,672

Source: Metropolitan Knoxville Airport Authority.

McGhee Tyson Airport has undergone many improvements in the past few years:

2008 West Aviation Area $50.7 million
2008 Airport Rescue and Fire Fighting Facility $11.3 million
2009 New Food Court in Terminal $615,000
2014 Runway and Taxiway System Upgrade $108 million

Source: Metropolitan Knoxville Airport Authority.

TACAir is McGhee Tyson Airport's general aviation services provider. In addition to providing fuel and services to commercial carriers, they also accommodate the general aviation industry, which includes corporate aviation, charter flights, flight schools and people who fly as a hobby.

The Tennessee Air National Guard's 134th Air Refueling Group operates 10 aircraft at McGhee Tyson Airport. The Guard's KC-135E tankers provide refueling to the country's military aircraft. In addition, the Army Aviation Support Facility, the 110th and 119th Tactical Control Squadrons and the 228th Combat Communications Squadron operate on the base.

The direct and indirect economic impact of McGhee Tyson Airport, including payroll, local spending, transportation cost savings, capital spending and induced benefits is estimated at $1 billion annually. The jobs formed by the aviation industry are perhaps the most important direct benefit that McGhee Tyson Airport offers East Tennessee. Approximately 2,700 people are now employed at McGhee Tyson Airport.

Downtown Island Home Airport. Knoxville's Downtown Island Home Airport, located five minutes from downtown, serves as another home base for smaller and privately owned airplanes. The Island Home Airport is a 150 acre general aviation facility with a 3,500 foot runway. It is home to more than 100 private and corporate aircraft, with 24 hour a day service available. Construction of three additional private aircraft hangars was completed in 2008. Future projects include a taxiway for new T-Hangars, secondary containment for the fuel depot and mobile fueling equipment and a planning study for future development. These projects are to be funded with a combination of federal grant funds, state grant funds and Airport Authority revenues.

Waterways. Fifteen miles away is the head of the Tennessee River navigation channel in Knoxville. This river is part of the Interconnected Inland Water System that links Knoxville with 21 states, the Mississippi River and the Great Lakes. Linkages may be made to the entire inland waterway system, allowing shipments to be made by water to Houston, Tampa, Pittsburgh, Minneapolis and Little Rock.

Six active river terminals handle barge shipments throughout the area. The Tennessee-Tombigbee Waterway links East Tennessee with 13 other states and the Gulf of Mexico. This 234-mile canal connects 16,000 miles of waterways throughout Tennessee, Mississippi and Alabama leading to the Port of Mobile and the Gulf of Mexico. This Waterway shortens the shipping between Tennessee and the Gulf of Mexico by 882 miles and enables East Tennessee products to arrive at their Gulf destination from eight to nine days earlier. The development of the Tennessee-Tombigbee Waterway has been a catalyst for the development of industry and agriculture throughout the area. Barge shipping has always been a popular alternative to rail in East Tennessee because of the existence of the Inland Water System.

Nearby Knoxville also has a Foreign Trade Zone, is an inland Port of Entry with a U.S. Customs Office. In 1988, Knoxville was given its Foreign Trade Zone designation by the U.S. Department of Commerce. This designation allows manufacturers to ship foreign raw materials and components to parts of Knoxville and store them duty free in Knoxville until used. In May 1991, the Foreign Trade Zone was activated.

EDUCATION

Alcoa City Schools District is made up of about 9 square miles with three schools: one elementary, one middle school and one high school with 110 teachers. The fall 2014 enrollment was about 1,943 students.

The County is also home to two other school systems: The *Blount County School System* is made up of 21 public schools: fourteen elementary schools, four middle schools, two senior high schools and one alternative education school. Fall 2014 enrollment for Blount County schools is about 11,252 with around 689 teachers total. The District's size is about 584 square miles. *Maryville City Schools District* is made up of about 16.2 square miles with seven schools: three elementary, two intermediate, one junior high school and one high school with 329 teachers. The fall 2014 enrollment was 5,131 students.

Also, there are several private schools that serve the area: Apostolic Christian Academy, Clayton-Bradley Academy, Foothills Christian Academy, New Horizon Montessori School, and Maryville Christian School. Moreover, the County has many opportunities for higher education. In addition to the following schools, the University of Tennessee Knoxville is located in nearby Knox County. It is the largest campus in the UT system.

Maryville College. The private, four-year, liberal arts college, located in Maryville, was founded in 1819 and is one of the fifty oldest institutions of higher learning in the United States. The college is co-educational and grants the degrees of Bachelor of Arts, Bachelor of Science and Bachelor of Music with fifty diverse fields of study. Fall 2015 enrollment is 1,213 students, and the college is situated on a 375 acre campus. Dual degree programs are available in the fields of engineering, pharmacy and veterinary medicine. A $47 million Civic Arts Center was completed in 2010.

Source: Maryville College.

Pellissippi State Technical Community College Blount County Center. The Blount County Center satellite campus has been housed at the former Bungalow Elementary School building since 1991. While that location served the needs of the college for many years, the institution has outgrown the aging facility. Currently, more than 700 students attend classes at the Blount County Center. Yet roughly 1,300 Pellissippi State students list the County as their residence. An expanded 39.5-acre facility allows more students to attend classes nearer to where they live. The $22 million campus was completed in late 2010 in Blount County.

Since its founding in 1974 as State Technical Institute at Knoxville, Pellissippi State has expanded the teaching of technology, the use of technology in instruction, and the transfer of technology to local business and industry in support of regional economic development. Enrollment for fall 2013 was listed as 10,704. The Community College continues to support and develop career/technical associate's degrees and institutional certificates, university parallel associate's degree programs, and continuing education opportunities for the citizens of Knox, Blount, and surrounding counties. Pellissippi State Technical Community College (PSTCC) has been named one of the 200 fastest-growing community colleges in the nation, according to Community College Week. The College has released a 2012 report showing the school has pumped an average of $244 million annually into the Knoxville-area economy over the last 5 years.

Several campuses make up the Community College. The main campus is the Pellissippi Campus in west Knoxville. The Division Street Campus and the newer Magnolia Avenue Campus, which opened in 2000, are also in Knoxville.

Source: Pellissippi State Technical Community College and the City.

HOSPITALS

Blount Memorial Hospital. Blount Memorial is an acute care, short-term hospital located in Maryville. The Hospital Facility consists of approximately 715,925 square feet and a licensed capacity of 304 beds and 176 physicians. The hospital employs about 2,440 people and had 11,992 admissions in 2012. The hospital facility is operated by Blount Memorial Hospital Incorporated (the "BMH, Inc."), a governmental non-profit corporation formed by the County pursuant to Tennessee law. The Hospital is governed by a board of directors appointed by the County, the Cities of Alcoa and Maryville, and Maryville College. The Hospital's property is owned by the County and BMH, Inc. There are several Special Care Units at Blount Memorial Hospital: ICU, CCU, same day surgery, medical/surgical patient care, Mountain View Recovery Center, emotional health center, family birthing center, and KidCare. The hospital's Emergency Room is open 24 hours and is equipped with 17 treatment rooms.

University of Tennessee Medical Center. Located in nearby Knoxville near the Blount County line, the *UT Medical Center* in Knoxville is an acute care teaching hospital with 581 beds and about 479 doctors. The hospital employs about 3,800 people and had 25,000 admissions for 2011. Designated as the region's Level I adult and pediatric Trauma Center by the state of Tennessee, the Medical Center provides the highest level of programs and emergency services. Critically ill patients are transported to the Medical Center via one of LIFESTAR'S two helicopters.

Special care units such as cardiac care, open heart, medical intensive care, neuro-respiratory, and trauma surgical intensive care are available for patients who require maximum medical attention. A Level IV Intensive Care Nursery, a Pediatric Intensive Care Unit, a newborn nursery and many other programs comprising Children's Health Services enable the hospital to provide the region's most comprehensive medical services for infants and children. University Hospital also serves as the Regional Perinatal Center. The new Heart Hospital was opened in 2010. See "RECENT DEVELOPMENTS" for new construction on the facility.

Source: University Health Center and Knoxville News Sentinel.

MANUFACTURING AND COMMERCE

The economic base for Blount County includes a diversified group of industrial and service companies. The County has nine industrial parks within its boundaries with less than 400 acres remaining for development. Big Springs has 100 acres available in Maryville. Partnership Park North has 220 acres available about 8 miles from McGhee Tyson Airport in Alcoa. Partnership Park South has 210 acres in Maryville. Stock Creek Development Centre is a 24-acre site 5 miles from downtown Knoxville in Rockford.

The County is aligned with many strategic partners that assist growth and attract many advanced technology and R&D based companies. They are the Oak Ridge National Laboratory, the University of Tennessee, the Technology 2020 project, Tennessee Valley Authority and the National Safe Skies Alliance.

National Safe Skies Alliance is a non-profit consortium dedicated to advancing aviation security by conducting independent testing and evaluation of anti-terrorism technologies in airports nationwide. Safe Skies' membership is comprised of airports, airlines, national laboratories, universities, and the security industry, working in partnership with the Department of Homeland Security - Transportation Security Administration, to protect the traveling public. Safe Skies' staff of security specialists, test engineers and statisticians are experts in the evaluation of security systems for the Passenger Checkpoint, Checked Baggage and Air Cargo, Access Control and the Airport Perimeter.

The *Oak Ridge National Laboratory* (the "ORNL") based in nearby Roane County, is a multiprogram science and technology laboratory managed for the U.S. Department of Energy by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increase the availability of clean, abundant energy; restore and protect the environment; and contribute to national security. ORNL also performs other work for the Department of Energy, including isotope production, information management, and technical program management, and provides research and technical assistance to other organizations. The laboratory is a program of DOE's Oak Ridge Field Office.

Pellissippi Place is a 450 acre high tech park on the Oak Ridge Corridor in Alcoa. The first construction phase was begun in late 2008. The park focuses on technology, corporate research and high-tech business development. Phase I involved the infrastructure for the park, a phase that cost around $10 million and was completed in 2010. The development is LEED certified, which requires all developers and contractors to following sustainable green building guidelines recognized by the U.S. Green Building Council. Pronova Solutions announced its plans to become the anchor tenant in 2013 and opened in June of 2015. The project represents an investment of $52 million and up to 500 new jobs in Blount County. The Park is jointly owned by Blount County, the Cities of Alcoa and Maryville, and Knox County.

Pellissippii Place is the collaboration of two cities, Alcoa and Maryville, and two counties, Blount and Knox, and the Economic Development Board of Blount County working together. The anchor tenant is Molecular Pathology Laboratory Network, Inc. Over the course of the project, the park is expected to create over $1 billion dollars in economic impact. Total build out of the park is estimated between 20 to 30 years.

The *Technology 2020* project was initiated in 1993 to capitalize on the unique resources of the East Tennessee region: the presence of the ORNL, the University of Tennessee-Knoxville, the headquarters of the Tennessee Valley Authority, and a significant number of both large and small technology companies in the region. A $4.5 million investment has been made by DOE, South Central Bell, the Tennessee Public Service Commission and Lockheed-Martin to set up a regional telecommunications laboratory. This economic development resource center is located in Oak Ridge's Commerce Park. An 18,000 square foot facility has been constructed on the 5.2 acre site. The facility will be used for testing and demonstrating new communications technologies and applications.

The *Tennessee Valley Authority* (the "TVA") provides support, technology, expertise, and financial resources to existing businesses and industries in the Valley to help them grow and be more efficient and profitable. These resources include technical assistance, low-interest loans, and other tools needed by businesses for successful operation.

The *University of Tennessee's* flagship campus in Knoxville is home to a wide array of vigorous programs doing research on issues vital to the community, the state, the nation, and the world. The university has collaborative relationships with public and private agencies including ORNL, Battelle Memorial Institute (forming UT-Battelle), St. Jude Children's Research Hospital, the Memphis Bioworks Foundation, and the Boston-Baskin Cancer group (forming UT Cancer Institute).

Major Employers in Blount County, Tennessee

Company	Product/Service	Employment
Denso[1]	Automotive Parts	3,400
Blount Memorial Hospital	Healthcare	2,441
McGhee Tyson Air National Guard	Airbase	2,100
Clayton Homes	Mobile Homes	2,099
Blount County Schools	Education	1,800
ALCOA[2]	Aluminum Ingot, Coiled Steel	1,200
Maryville City Schools	Education	648
Blount County Government	Government	605
Marriott Business Services	Hotel Customer Service	575
Wal-Mart	Retail Store	556
Ruby Tuesday Inc.	Restaurants	518
Massey Group		400
Newell Rubbermaid	Rubbermaid Plastic Products	350
TeamHealth Alcoa Billing	Billing	330
City of Maryville	Government	304
Rockford Manufacturing	Yarn & Cordage	300
Standard Aero Alliance Inc.	Aircraft Engines and Parts	278
City of Alcoa	Government	263
Maryville College	University	255
Cornerstone of Recovery	Healthcare	235
Alcoa City Schools	Education	221
EZ Stop Food Marts	Retail	220
Reinhart Food Service	Distribution	187
Peninsula Hospital	Healthcare	140

[1] Headquarters based in Blount County, but employment excludes 1,050 employees in the McMinn County Plant.
[2] Headquarters are based in Blount County, but employment includes some employees working in Knox County.

Source: Alcoa Audit, Blount County Chamber of Commerce, Blount County Audit, Maryville Audit and Knoxville News Sentinel - 2014.

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EMPLOYMENT INFORMATION

For the month of September 2015, the unemployment rate for Maryville stood at 5.3% with 12,470 persons employed out of a labor force of 13,170. As of September 2015, the unemployment rate for Blount County stood at 5.1% with 56,250 persons employed out of a labor force of 59,270.

The Knoxville MSA's unemployment for September 2015 was at 5.3% with 384,510 persons employed out of a labor force of 405,890. As of September 2015, the unemployment rate in the Knoxville-Morristown-Sevierville CSA stood at 5.4%, representing 489,770 persons employed out of a workforce of 517,880.

Unemployment

	Annual Average **2010**	Annual Average **2011**	Annual Average **2012**	Annual Average **2013**	Annual Average **2014**
National	9.6%	8.9%	8.1%	7.4%	6.2%
Tennessee	9.7%	9.2%	8.0%	8.2%	6.7%
Maryville	**8.5%**	**7.7%**	**7.0%**	**7.2%**	**6.0%**
Index vs. National	89	87	86	97	97
Index vs. State	88	84	87	88	90
Blount County	**8.4%**	**7.7%**	**6.8%**	**6.9%**	**6.0%**
Index vs. National	88	87	84	93	97
Index vs. State	87	84	85	84	90
Knoxville MSA	**7.9%**	**7.3%**	**6.6%**	**6.9%**	**6.2%**
Index vs. National	82	82	81	93	100
Index vs. State	81	79	82	84	93
Knoxville-Morristown – Sevierville CSA	**8.9%**	**8.3%**	**7.5%**	**7.7%**	**6.5%**
Index vs. National	93	93	93	104	105
Index vs. State	92	90	94	94	97

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

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ECONOMIC DATA

Per Capita Personal Income

	2009	**2010**	**2011**	**2012**	**2013**
National	$39,379	$40,144	$42,332	$44,200	$44,765
Tennessee	$34,439	$35,426	$37,151	$39,002	$39,558
Blount County	**$30,995**	**$31,725**	**$33,309**	**$34,944**	**$35,310**
Index vs. National	79	79	79	79	79
Index vs. State	90	90	90	90	89
Knoxville MSA	**$33,723**	**$34,714**	**$36,586**	**$37,997**	**$38,506**
Index vs. National	86	86	86	86	86
Index vs. State	98	98	98	97	97
Knoxville-Sevierville-Harriman CSA	**$32,548**	**$33,476**	**$35,223**	**$36,557**	**$37,039**
Index vs. National	83	83	83	83	83
Index vs. State	95	94	95	94	94

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

Social and Economic Characteristics

	National	**Tennessee**	**Blount County**	**Alcoa**	**Maryville**
Median Value Owner Occupied Housing	$176,700	$139,200	$163,900	$119,800	$187,300
% High School Graduates or Higher Persons 25 Years Old and Older	86.0%	84.4%	86.7%	85.3%	90.2%
% Persons with Income Below Poverty Level	15.4%	17.6%	13.7%	19.0%	12.2%
Median Household Income	$53,046	$44,298	$45,991	$39,258	$50,991

Source: U.S. Census Bureau State & County QuickFacts - 2013.

RECREATION

Appalachian National Scenic Trail (the "AT"). The Appalachian Trail is a 2,175-mile long footpath stretching through 14 eastern states from Maine to Georgia. It can be accessed in Blount County through the Great Smoky Mountain National Park in Townsend. Conceived in 1921 and first completed in 1937, it traverses the wild, scenic, wooded, pastoral, and culturally significant lands of the Appalachian Mountains. The AT is enjoyed by an estimated 4 million people each year.

Source: National Park Service.

Fort Loudoun State Historic Park. Fort Loudoun State Park is located in Vonore (in Monroe County) on TVA's Tellico Reservoir. This 1,200-acre site is the location of one of the earliest British fortifications on the western frontier, built in 1756. Today the fort and the 1794 Tellico Blockhouse overlook the Tellico Reservoir and the Appalachian Mountains. Much of the park's 1,200-acres lie on an island on Tellico Lake. The park has a Visitor Center/Museum that offers information on the area's history and artifacts that were excavated prior to the Fort's reconstruction. The largest event of each year is an18th Century Trade Faire that showcases many aspects of that century. British soldiers, civilians, ladies and small children come together with traders, French soldiers, Creek and Cherokee Indians.

Source: Tennessee State Parks.

Great Smoky Mountains National Park (the "Park"). The Great Smoky Mountains National Park straddles the border between North Carolina and Tennessee in Blount and Sevier Counties and the southern part of Cocke County. Monroe County is located southwest of the Park. Over 500,000 acres were set aside in 1934 to form the Park. It includes 97 historic and 342 modern structures that are maintained by the Park. The Park is a hiker's paradise with over 800 miles of maintained trails, including the Appalachian Trail. The Smoky Mountains have the most biological diversity of any area in the world's temperate zone. The Park is a sanctuary for a magnificent array of animal and plant life, all of which is protected for future generations to enjoy. Located in the center of the eastern half of the United States, the Park is readily accessible to 70% of the country's population. Each year it draws the largest attendance of any of the National Parks in the United States. Visitors during 2014 reached over 9.3 million.

In 2008 construction was completed to build a $4.5 million Twin Creeks Science and Education Center near Gatlinburg. In late 2009 construction began on the $3 million Oconoluftee Visitor Center near Cherokee, N.C. These are the first new major buildings to be built in the Park since the Sugarlands Visitor Center opened in 1964 at the Gatlinburg entrance.

Source: National Park Service.

RECENT DEVELOPMENTS

Advanced Munitions International ("AIM"). AMI will build a global headquarters and state-of-the-art munitions manufacturing facility in Alcoa's Partnership Park, creating 605 new jobs. AMI expects to break ground on the 235-acre site in the spring of 2016 and is expected to open late 2018 The chance to benefit from research at Oak Ridge National Laboratory was a key factor in picking the Blount County location. Advanced Munitions International began in 2010 as Advanced Tactical Armament Concepts, converting an empty hangar and machine shop near the airport in Payson, Ariz. into an ammunition production facility. The company has rebranded as Advanced Munitions International, producing ammunition for HPR Ammunition, ATAC Emcon, and BlackOPs brands.

ALCOA Inc. A three year, $275 million expansion to convert capacity for the automobile industry was completed in 2015. An additional 200 full-time workers were hired. ALCOA announced in 2012 that the smelting operation that was idled in 2009 would be permanently closed. In early 2010 ALCOA cut 90 Blount County jobs on top of the 450 jobs cut in 2009 due to an unprecedented drop in aluminum prices. The 450 jobs represented almost a third of some 1,500

ALCOA jobs in Blount County. The layoffs further reduce employment at the Blount County facility that at one time was the largest aluminum manufacturing facility in the world with 12,000 employees. The Pittsburgh-based manufacturer shut down both smelting production lines in Blount County as part of an 18-percent reduction in annual aluminum output.

ALCOA owns and operates three plants located in the City of Alcoa near the McGhee Tyson Airport. These are the company's primary aluminum smelting and fabricating plants in the United States. The plant's primary product is flat, rolled aluminum sheets that are processed into beverage cans, Venetian blinds, lithographic sheets, and automobile trim. The plants have produced in the past about 200 metric tons of aluminum a year. This operation is the largest aluminum-producing and fabricating complex in the United States.

Ceramaspeed. A leading provider of electric radiant heating solutions for glass ceramic appliances, Ceramaspeed has relocated in 2012 into a 55,000-square foot, $3.5 million industrial building in Maryville.

Cirrus Aircraft. The private aircraft manufacturer Cirrus Aircraft announced plans in 2015 to invest $15 million and create 170 jobs at the Metropolitan Knoxville Airport West Aviation Area. The new "Vision Center" will be the epicenter and flagship location for all Cirrus Aircraft pilot, owner and customer activities. The facility is expected to be complete in 2016.The Knoxville facility will include a full-motion flight simulator currently under development and other fixed training devices. It will also contain a factory service center as well as a design center, allowing buyers to personalize and create their Vision SF50.

Denso Tennessee. Denso Manufacturing produces automotive parts in four plants located in Maryville. Already one of the largest employers in the County, DENSO represents an investment exceeding $1.1 billion in the Blount County Industrial Park. The company's entire campus, also featuring a training center, logistics center and associate fitness center, covers more than 154 acres. In 2015 Denso officials announced a $400 million expansion to its Maryville facility that will add 500 new jobs. This is in addition to the additional 900 workers to begin a new production line of fuel efficient starters that have been hired since 2011. The 55-acre addition includes a new state-of-the-art electronics division. The expansion added a 220,000-square-foot wing to the company's existing facility, covering 1.5 million square feet. DENSO also has a plant in McMinn County that is undergoing a $85 million expansion to be completed in mid-2016 and will hire an additional 400 people. The combined employment from plants in both counties equal 4,700 people as of January 2015.

Denso opened in 1988 and makes starters, alternators, instrument clusters and electronics for the automotive industry. The company provides parts for 20 automakers, including Toyota, Honda, Daimler Chrysler, General Motors, Ford and Subaru. Denso's parent company, Denso Corp., is based in Kariya, Japan.

First Tennessee Bank. First Tennessee Bank created about 65 positions in 2010 in Maryville. This brings some of its technology operations back to in-house. The workers manage servers, mainframes and other technology infrastructure for the Memphis-based company.

G&T Industries. G&T Industries, a supplier to the boating, RV and private aircraft markets has two locations in Blount County and doubled in size by 2010. The manufacturer will consolidate the two existing operations into a new 105,000-square-foot facility build on 15.9 acres of landing the Big Springs Industrial Park. The expansion cost between $4 to $5 million dollars and increased the number of employees to about 100.

K12 Inc. A Virginia-based company, K12 Inc. began construction in 2014 on a call center at the Tyson Centre office building, next to the McGhee Tyson Airport in Alcoa. The $2.4 million investment will occur over the next five years and should hire about 300 employees. K12 is an online learning company that offers courses in several subjects.

Koide Tennessee Inc. Koide Tennessee, a Japan-based company that produces metal tubing for the automotive industry, began a $10.1 million expansion in 2014 that will result in over 30 new jobs for the manufacturing plant located in the Stock Creek Development Technology Park. The addition will be 76,000-square-foot facility on a 10-acre site. Construction should be completed by summer of 2015.

MasterCraft Boat Company. Located in Vonore, MasterCraft added 300 new jobs in the spring of 2010 following its recent acquisition of Hydra-Sports, a maker of saltwater boats. MasterCraft moved all the Hydra-Sports production to the MasterCraft plant in Vonore. In 1993, MasterCraft moved from Blount County to Monroe County. At its peak, the company employed about 650 workers in Vonore. The plant is currently located on Excellence Way, in a Tellico Reservoir Development Agency industrial park located directly on Tellico Lake. The company makes several types of boats: Hydra-Sport salt water boats, ProStar ski boats, X-Series wake board boats, MariStar luxury family personal boats and Salt Water Series designed for brackish water and the inland coastal waterway conditions.

Newell Rubbermaid. Rubbermaid added about 150 jobs to the Maryville facility after companywide reorganization in response to the down economy. The company owns the Sharpie brand and the Maryville facility will produce markers, highlighters and dry erase products. The addition of jobs to the Maryville facility is accompanied by cuts elsewhere in Tennessee facilities.

ProNova Solutions. ProNova opened a $20 million proton center in the Pellissippi Place technology research and development park in 2015. The 55,000-square-foot facility will be a equipment supplier for the cancer-treatment technology. By 2023, ProNova expects to have 125 two-room systems out the Blount County facility and employ over 4,000 employees.

Royal Metal Powders Inc. The Rockford facility began a $5 million expansion starting in 2011 over the next few years with 50 additional workers. Currently 20 people are employed to produce copper powders, copper alloy powders, pre-alloyed bronze and premixes.

Surface Igniter. LLC. In 2013 surface Igniter will relocate its headquarters and manufacturing facility from Puerto Rico to its existing facility in Maryville, investing $3.8 million over the next three years. The company is a leading manufacturer of hot surface igniters for heating, cooking, clothes dryer and BBQ grill industries. It will begin production immediately in the 55,000-square foot Blount County Industrial Park in Maryville with 54 employees, and expects to double its number of jobs to 108 before 2016.

TeamHealth. TeamHealth finished an $18 million expansion in 2012 that added 160 jobs to its facility in Alcoa. The company provides medical employees to hospitals, the military and other organizations. It is headquartered in Knoxville and already employees 400 people at a facility in Alcoa. Adding up to 550 more jobs is also a possibility. TeamHealth was founded in 1979 and has six principal service lines located in 13 regional sites that employee more than 6,600. These healthcare professionals provide services to more than 700 civilian and military hospitals, clinics and physician groups in 45 states.

Source: The Blount County Economic Development Board, The Daily Times, Knoxville News Sentinel and WBIR Knoxville, TN.

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CITY OF ALCOA, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED		PURPOSE	DUE DATE	INTEREST RATE(S)		(1) OUTSTANDING
$ 2,000,000		Loan Agreement, Series B-10-A (Taxable)	June 2021	Fixed		$ 150,000
9,225,000		Loan Agreement (Maryville Civic Arts Center), Series 2009	June 2036	Variable	(3)	8,115,000
7,600,000	(7)	General Obligation Bonds, Series 2008	June 2042	Fixed		7,250,000
3,000,000		Loan Agreement, Series B-17-A	June 2028	Fixed		2,255,000
10,365,000	(2)	Loan Agreement, Series E-3-E	June 2017	Synthetic Fixed	(3&4)	1,780,000
77,370,000	(6)	Loan Agreement, Series E-5-B	June 2042	Variable/Synthetic	(3)	72,130,000
6,075,000	(8)	General Obligation Bonds, Series 2009	June 2019	Fixed		4,745,000
1,390,000	(9)	General Obligation Refunding Bonds, Series 2011	April 2016	Fixed		300,000
3,960,793	(2)	State Of Tennessee Revolving Fund (Sept. 2012)	Aug. 2032	Fixed		3,553,837
10,000,000		General Obligation Bonds, Series 2012	June 2042	Fixed		9,550,000
10,000,000		General Obligation Bonds, Series 2013A	June 2043	Fixed		9,975,000
2,000,000	(10)	General Obligation Bonds, Series 2013B (Federally Taxable)	June 2019	Fixed		1,600,000
10,000,000		General Obligation Bonds, Series 2014	June 2043	Fixed		9,925,000
9,000,000	(11)	General Obligation Refunding Bonds, Series 2014B (Federally Taxable)	June 2026	Fixed		8,775,000
9,995,000		General Obligation Bonds, Series 2015	June 2044	Fixed		9,995,000
$ 171,980,793		**TOTAL BONDED DEBT**				$ 150,098,837
$ 9,775,000		General Obligation Refunding Bonds, Series 2016A	June 2042	Fixed		$ 9,775,000
4,675,000		General Obligation Refunding Bonds, Series 2016B	June 2022	Fixed		4,675,000
(13,200,000)		Less: Refunded Debt				(13,200,000)
(75,243,837)		Less: Revenue-Supported Debt				(75,243,837)
$ 97,986,956		**NET BONDED DEBT**				$ 76,105,000

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. Additionally, The City has entered in multiple interest rate swap agreements. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

(2) Revenue-supported bonds.

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

(4) A portion ($295,000) of the Series E-3-E Bonds will be supported by water and sewer revenue and a portion ($400,000) of the Series E-3-E Bonds will be supported by landfill revenues.

(5) A portion of the Series 2006 Bonds will be supported by water and sewer revenue and landfill revenues and electric system revenue.

(6) A portion ($37,575,000) of the Series E-5-B Bonds will be supported by water and sewer revenue and a portion ($17,550,000) of the Series E-5-B Bonds will be supported by electric revenues.

(7) A portion ($5,100,000) of the Series 2008 Bonds will be supported by water and sewer revenue.

(8) The Bonds will be supported by solid waste revenue.

(9) A portion ($195,000) of the Series 2011 Bonds will be supported by water and sewer revenue.

(10) A portion ($435,000) of the Series 2013B Bonds will be supported by water and sewer revenue and a portion ($485,000) of the Series 2013B Bonds will be supported by landfill revenues.

(11) A portion ($1,405,000) of the Series 2014B Bonds will be supported by water and sewer revenue and a portion ($235,000) of the Series 2014B Bonds will be supported by landfill revenues and a portion ($2,495,000) of the Series 2014B Bonds will be supported by electric system revenues.

CITY OF ALCOA, TENNESSEE
Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are included herein and the table should be read in conjunction with those statements.

	For Fiscal Year Ended June 30					After Issuance
INDEBTEDNESS	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
TAX SUPPORTED						
General Obligation Bonds & Notes	$ 42,872,250	$ 41,119,250	$ 49,244,500	$ 67,908,000	$ 75,630,000	$ 76,105,000
TOTAL TAX SUPPORTED	$ 42,872,250	$ 41,119,250	$ 49,244,500	$ 67,908,000	$ 75,630,000	$ 76,105,000
REVENUE SUPPORTED						
Water & Sewer & Solid Waste Revenue Bonds	$ 54,908,852	$ 57,678,169	$ 56,408,649	$ 56,212,801	$ 54,423,837	$ 55,198,837
Electric Revenue Bonds	23,231,000	22,473,000	21,657,000	20,808,000	20,045,000	20,045,000
TOTAL REVENUE SUPPORTED	$ 78,139,852	$ 80,151,169	$ 78,065,649	$ 77,020,801	$ 74,468,837	$ 75,243,837
TOTAL DEBT	$ 121,012,102	$ 121,270,419	$ 127,310,149	$ 144,928,801	$ 150,098,837	$ 151,348,837
Less: Revenue Supported Debt	$ (78,139,852)	$ (80,151,169)	$ (78,065,649)	$ (77,020,801)	$ (74,468,837)	$ (75,243,837)
Less: Debt Service Fund	(95,232)	(94,697)	(804,120)	(1,787,413)	(2,945,179)	(2,945,179)
NET DIRECT DEBT	$ 42,777,018	$ 41,024,553	$ 48,440,380	$ 66,120,587	$ 72,684,821	$ 73,159,821
OVERLAPPING DEBT (1)	$ 32,287,545	$ 31,532,992	$ 31,962,739	$ 28,926,480	$ 26,199,104	$ 26,199,104
NET DIRECT & OVERLAPPING DEBT	$ 75,064,563	$ 72,557,545	$ 80,403,119	$ 95,047,067	$ 98,883,925	$ 99,358,925
PROPERTY TAX BASE						
Estimated Actual Value	$ 1,452,093,943	$ 1,411,195,670	$ 1,454,779,907	$ 1,439,407,011	$ 1,428,883,610	$ 1,428,883,610
Appraised Value	1,452,093,943	1,411,195,670	1,454,779,907	1,439,407,011	1,428,883,610	1,428,883,610
Assessed Value	467,744,776	454,226,484	468,248,448	463,051,825	460,411,256	460,411,256

(1) OVERLAPPING DEBT Includes the City's share of Blount County's Net Direct Debt. Excludes Blount County Debt Supported by Hospital Revenues.

Source: General Purpose Financial Statements and City Officials.

DEBT RATIOS	For Fiscal Year Ended June 30 2011	2012	2013	2014	2015	After Issuance 2016
TOTAL DEBT to Estimated Actual Value	8.33%	8.59%	8.75%	10.07%	10.50%	10.59%
TOTAL DEBT to Appraised Value	8.33%	8.59%	8.75%	10.07%	10.50%	10.59%
TOTAL DEBT to Assessed Value	25.87%	26.70%	27.19%	31.30%	32.60%	32.87%
NET DIRECT DEBT to Estimated Actual Value	9.15%	9.03%	10.35%	14.28%	15.79%	15.89%
NET DIRECT DEBT to Appraised Value	2.95%	2.91%	3.33%	4.59%	5.09%	5.12%
NET DIRECT DEBT to Assessed Value	9.15%	9.03%	10.35%	14.28%	15.79%	15.89%
OVERLAPPING DEBT to Estimated Actual Value	2.22%	2.23%	2.20%	2.01%	1.83%	1.83%
OVERLAPPING DEBT to Appraised value	2.22%	2.23%	2.20%	2.01%	1.83%	1.83%
OVERLAPPING DEBT to Assessed Value	6.90%	6.94%	6.83%	6.25%	5.69%	5.69%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	5.17%	5.14%	5.53%	6.60%	6.92%	6.95%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	5.17%	5.14%	5.53%	6.60%	6.92%	6.95%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	16.05%	15.97%	17.17%	20.53%	21.48%	21.58%
PER CAPITA RATIOS						
POPULATION (1)	8,453	8,551	8,640	8,640	8,640	8,640
PER CAPITA PERSONAL INCOME (2)	$ 33,309	$ 34,944	$ 35,310	$ 35,310	$ 35,310	$ 35,310
Estimated Actual Value to POPULATION	$ 171,784	$ 165,033	$ 168,377	$ 166,598	$ 165,380	$ 165,380
Assessed Value to POPULATION	$ 55,335	$ 53,120	$ 54,195	$ 53,594	$ 53,288	$ 53,288
Total Debt to POPULATION	$ 14,316	$ 14,182	$ 14,735	$ 16,774	$ 17,373	$ 17,517
Net Direct Debt to POPULATION	$ 5,061	$ 4,798	$ 5,607	$ 7,653	$ 8,413	$ 8,468
Overlapping Debt to POPULATION	$ 3,820	$ 3,688	$ 3,699	$ 3,348	$ 3,032	$ 3,032
Net Direct & Overlapping Debt to POPULATION	$ 8,880	$ 8,485	$ 9,306	$ 11,001	$ 11,445	$ 11,500
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	42.98%	40.58%	41.73%	47.51%	49.20%	49.61%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	15.19%	13.73%	15.88%	21.67%	23.82%	23.98%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	11.47%	10.55%	10.48%	9.48%	8.59%	8.59%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	26.66%	24.28%	26.35%	31.15%	32.41%	32.57%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.
(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

CITY OF ALCOA, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - General Obligation

F.Y. Ended 6/30	As of June 30, 2015 Existing Debt - General Obligation (1) Principal	Interest (2)	TOTAL	General Obligation Refunding Bonds, Series 2016A Principal	Interest (3)	TOTAL	% Series 2016A Principal Repaid	Less: Refunded Bonds Principal	Interest (4)	TOTAL	Total Bonded Debt Service Requirements (1) & (2) & (3) Principal	Interest	TOTAL	% All Principal Repaid Repaid
2016	$ 2,755,000	$ 2,970,947	$ 5,725,947	$ 40,000	$ 24,602	$ 64,602	0.90%	$ -	$ (89,906)	$ (89,906)	$ 2,795,000	$ 2,905,642	$ 5,700,642	3.67%
2017	2,660,000	2,885,339	5,545,339	45,000	109,140	154,140		-	(179,813)	(179,813)	2,705,000	2,814,666	5,519,666	
2018	3,005,000	2,783,404	5,788,404	45,000	108,803	153,803		-	(179,813)	(179,813)	3,050,000	2,712,394	5,762,394	
2019	3,110,000	2,667,391	5,777,391	190,000	108,353	298,353		(145,000)	(179,813)	(324,813)	3,155,000	2,595,931	5,750,931	
2020	3,065,000	2,543,169	5,608,169	195,000	105,978	300,978	11.63%	(155,000)	(173,650)	(328,650)	3,105,000	2,475,496	5,580,496	19.46%
2021	3,180,000	2,416,754	5,596,754	205,000	103,053	308,053		(160,000)	(167,063)	(327,063)	3,225,000	2,352,744	5,577,744	
2022	3,135,000	2,283,786	5,418,786	210,000	99,670	309,670		(170,000)	(160,263)	(330,263)	3,175,000	2,223,194	5,398,194	
2023	2,385,000	2,149,574	4,534,574	265,000	95,995	360,995		(230,000)	(153,038)	(383,038)	2,420,000	2,092,531	4,512,531	
2024	2,470,000	2,067,324	4,537,324	270,000	90,960	360,960		(240,000)	(143,263)	(383,263)	2,500,000	2,015,021	4,515,021	
2025	2,515,000	1,981,414	4,496,414	275,000	85,560	360,560	39.28%	(250,000)	(132,563)	(382,563)	2,540,000	1,934,411	4,474,411	37.67%
2026	2,610,000	1,890,064	4,500,064	275,000	79,785	354,785		(255,000)	(121,413)	(376,413)	2,630,000	1,848,436	4,478,436	
2027	2,490,000	1,795,089	4,285,089	310,000	73,598	383,598		(295,000)	(110,000)	(405,000)	2,505,000	1,758,686	4,263,686	
2028	2,555,000	1,701,309	4,256,309	315,000	66,003	381,003		(305,000)	(96,800)	(401,800)	2,565,000	1,670,511	4,235,511	
2029	2,435,000	1,603,169	4,038,169	90,000	57,813	147,813		(75,000)	(83,075)	(158,075)	2,450,000	1,577,906	4,027,906	
2030	2,515,000	1,508,644	4,023,644	85,000	55,338	140,338	63.54%	(75,000)	(79,700)	(154,700)	2,525,000	1,484,281	4,009,281	54.33%
2031	2,625,000	1,410,169	4,035,169	210,000	52,873	262,873		(200,000)	(76,250)	(276,250)	2,635,000	1,386,791	4,021,791	
2032	2,700,000	1,307,681	4,007,681	210,000	46,573	256,573		(200,000)	(67,000)	(267,000)	2,710,000	1,287,254	3,997,254	
2033	2,835,000	1,200,806	4,035,806	205,000	40,063	245,063		(200,000)	(57,000)	(257,000)	2,840,000	1,183,869	4,023,869	
2034	2,995,000	1,086,200	4,081,200	300,000	33,605	333,605		(300,000)	(47,000)	(347,000)	2,995,000	1,072,805	4,067,805	
2035	3,080,000	963,331	4,043,331	295,000	23,855	318,855	91.08%	(300,000)	(32,900)	(332,900)	3,075,000	954,286	4,029,286	73.06%
2036	3,255,000	837,194	4,092,194	395,000	13,825	408,825	100.00%	(400,000)	(18,800)	(418,800)	3,250,000	832,219	4,082,219	
2037	2,050,000	699,031	2,749,031	-	-	-		-	-	-	2,050,000	699,031	2,749,031	
2038	2,095,000	619,531	2,714,531	-	-	-		-	-	-	2,095,000	619,531	2,714,531	
2039	2,185,000	538,500	2,723,500	-	-	-		-	-	-	2,185,000	538,500	2,723,500	
2040	2,325,000	450,031	2,775,031	-	-	-		-	-	-	2,325,000	450,031	2,775,031	88.70%
2041	2,390,000	354,625	2,744,625	-	-	-		-	-	-	2,390,000	354,625	2,744,625	
2042	2,535,000	255,775	2,790,775	-	-	-		-	-	-	2,535,000	255,775	2,790,775	
2043	2,605,000	150,750	2,755,750	-	-	-		-	-	-	2,605,000	150,750	2,755,750	
2044	525,000	42,800	567,800	-	-	-		-	-	-	525,000	42,800	567,800	
2045	545,000	21,800	566,800	-	-	-		-	-	-	545,000	21,800	566,800	100.00%
	$ 75,630,000	$ 43,185,600	$ 118,815,600	$ 4,430,000	$ 1,475,439	$ 5,905,439		$ (3,955,000)	$ (2,349,119)	$ (6,304,119)	$ 76,105,000	$ 42,311,921	$ 118,416,921	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

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

(3) Estimated Interest Rates. Estimated Average Coupon of 2.812%.

CITY OF ALCOA, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - REVENUE AND TAX SUPPORTED

Solid Waste System

F.Y. Ended 6/30	As of June 30, 2015 Existing Debt - Solid Waste System (1)			General Obligation Refunding Bonds, Series 2016B			% 2016B Principal Repaid	Less: Refunded Bonds			Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	Principal	Interest	Total	Principal	Interest (2)	Total		Principal	Interest	Total	Principal	Interest (2)	TOTAL	
2016	$ 785,000	$ 189,962	$ 974,962	$ 35,000	$ 14,549	$ 49,549	0.75%	$ -	$ (74,140)	$ (74,140)	$ 820,000	$ 130,372	$ 950,372	13.56%
2017	820,000	164,123	984,123	735,000	64,488	799,488	16.47%	(675,000)	(148,280)	(823,280)	880,000	80,330	960,330	28.12%
2018	840,000	141,053	981,053	745,000	58,975	803,975	32.41%	(700,000)	(128,030)	(828,030)	885,000	71,998	956,998	42.76%
2019	885,000	116,128	1,001,128	770,000	51,525	821,525	48.88%	(740,000)	(107,030)	(847,030)	915,000	60,623	975,623	57.90%
2020	785,000	88,288	873,288	780,000	41,900	821,900	65.56%	(765,000)	(83,350)	(848,350)	800,000	46,838	846,838	71.13%
2021	820,000	61,798	881,798	800,000	30,200	830,200	82.67%	(800,000)	(57,340)	(857,340)	820,000	34,658	854,658	84.70%
2022	835,000	33,268	868,268	810,000	16,200	826,200	100.00%	(815,000)	(29,340)	(844,340)	830,000	20,128	850,128	98.43%
2023	20,000	3,328	23,328	-	-	-		-	-	-	20,000	3,328	23,328	98.76%
2024	25,000	2,688	27,688	-	-	-		-	-	-	25,000	2,688	27,688	99.17%
2025	25,000	1,838	26,838	-	-	-		-	-	-	25,000	1,838	26,838	99.59%
2026	25,000	938	25,938	-	-	-		-	-	-	25,000	938	25,938	100.00%
	$ 5,865,000	$ 803,408	$ 6,668,408	$ 4,675,000	$ 277,837	$ 4,952,837		$ (4,495,000)	$ (627,510)	$ (5,122,510)	$ 6,045,000	$ 453,734	$ 6,498,734	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included in herein.

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

(3) Estimated Interest Rates. Estimated Average Coupon of 1.581%.

CITY OF ALCOA, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - REVENUE AND TAX SUPPORTED

Water And Sewer System

F.Y. Ended	As of June 30, 2015 - Existing Debt - Water & Sewer System (1)			General Obligation Refunding Bonds, Series 2016A			% 2016A Principal	Less: Refunded Bonds			Total Bonded Debt Service Requirements (1) & (2)			% All Principal
6/30	Principal	Interest (2)	Total	Principal	Interest (3)	Total	**Repaid**	Principal	Interest	Total	Principal	Interest	TOTAL	**Repaid**
2016	$ 1,175,136	$ 2,260,388	$ 3,435,524	$ 60,000	$ 41,882	$ 101,882	1.12%	$ -	$ (113,188)	$ (113,188)	$ 1,235,136	$ 2,189,082	$ 3,424,218	2.51%
2017	1,180,500	2,219,399	3,399,899	25,000	185,843	210,843		-	(226,375)	(226,375)	1,205,500	2,178,866	3,384,366	
2018	1,221,032	2,172,110	3,393,142	25,000	185,655	210,655		-	(226,375)	(226,375)	1,246,032	2,131,390	3,377,422	
2019	1,261,768	2,121,072	3,382,840	130,000	185,405	315,405		(100,000)	(226,375)	(326,375)	1,291,768	2,080,102	3,371,870	
2020	1,212,708	2,065,992	3,278,700	25,000	183,780	208,780	4.96%	-	(221,375)	(221,375)	1,237,708	2,028,397	3,266,105	12.65%
2021	1,268,840	2,011,080	3,279,920	25,000	183,405	208,405		-	(221,375)	(221,375)	1,293,840	1,973,110	3,266,950	
2022	1,330,188	1,953,269	3,283,457	25,000	182,993	207,993		-	(221,375)	(221,375)	1,355,188	1,914,886	3,270,074	
2023	1,416,752	1,892,395	3,309,147	25,000	182,555	207,555		-	(221,375)	(221,375)	1,441,752	1,853,575	3,295,327	
2024	1,478,556	1,828,370	3,306,926	25,000	182,080	207,080		-	(221,375)	(221,375)	1,503,556	1,789,075	3,292,631	
2025	1,545,576	1,759,664	3,305,240	25,000	181,580	206,580	7.30%	-	(221,375)	(221,375)	1,570,576	1,719,869	3,290,445	27.22%
2026	1,617,848	1,687,500	3,305,348	25,000	181,055	206,055		-	(221,375)	(221,375)	1,642,848	1,647,180	3,290,028	
2027	1,600,372	1,611,674	3,212,046	25,000	180,493	205,493		-	(221,375)	(221,375)	1,625,372	1,570,792	3,196,164	
2028	1,673,160	1,534,957	3,208,117	30,000	179,880	209,880		-	(221,375)	(221,375)	1,703,160	1,493,462	3,196,622	
2029	2,066,212	1,454,715	3,520,927	30,000	179,100	209,100		-	(221,375)	(221,375)	2,096,212	1,412,440	3,508,652	
2030	2,224,540	1,359,500	3,584,040	30,000	178,275	208,275	9.92%	-	(221,375)	(221,375)	2,254,540	1,316,400	3,570,940	46.19%
2031	1,893,156	1,256,866	3,150,022	230,000	177,405	407,405		(200,000)	(221,375)	(421,375)	1,923,156	1,212,896	3,136,052	
2032	1,982,072	1,169,240	3,151,312	280,000	170,505	450,505		(250,000)	(212,125)	(462,125)	2,012,072	1,127,620	3,139,692	
2033	1,845,421	1,079,574	2,924,995	325,000	161,825	486,825		(300,000)	(199,625)	(499,625)	1,870,421	1,041,774	2,912,195	
2034	1,885,000	991,875	2,876,875	220,000	151,588	371,588		(200,000)	(184,625)	(384,625)	1,905,000	958,838	2,863,838	
2035	1,980,000	901,725	2,881,725	215,000	144,438	359,438	33.68%	(200,000)	(175,225)	(375,225)	1,995,000	870,938	2,865,938	65.93%
2036	2,075,000	807,075	2,882,075	265,000	137,128	402,128		(250,000)	(165,825)	(415,825)	2,090,000	778,378	2,868,378	
2037	2,155,000	707,825	2,862,825	265,000	127,853	392,853		(250,000)	(154,075)	(404,075)	2,170,000	681,602	2,851,602	
2038	2,260,000	604,575	2,864,575	360,000	118,313	478,313		(350,000)	(142,325)	(492,325)	2,270,000	580,562	2,850,562	
2039	2,370,000	496,375	2,866,375	355,000	104,813	459,813		(350,000)	(125,875)	(475,875)	2,375,000	475,313	2,850,313	
2040	2,490,000	382,500	2,872,500	405,000	91,145	496,145	64.55%	(400,000)	(109,250)	(509,250)	2,495,000	364,395	2,859,395	89.13%
2041	2,610,000	262,750	2,872,750	900,000	75,350	975,350		(900,000)	(90,250)	(990,250)	2,610,000	247,850	2,857,850	
2042	2,740,000	134,500	2,874,500	995,000	39,800	1,034,800	100.00%	(1,000,000)	(47,500)	(1,047,500)	2,735,000	126,800	2,861,800	100.00%
	$ 48,558,837	$ 36,726,964	$ 85,285,801	$ 5,345,000	$ 4,094,140	$ 9,439,140		$ (4,750,000)	$ (5,055,513)	$ (9,805,513)	$ 49,153,837	$ 35,765,591	$ 84,919,428	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included in herein. Includes $4,000,000 State Revolving Loan.

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

CITY OF ALCOA, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - Revenue & Tax Supported

Electric System

As of June 30, 2015

F.Y. Ended	Total Bonded Debt Service Requirements (1) & (2) & (3)			% Principal
6/30	Principal	Interest	TOTAL	Repaid
2016	$ 985,000	$ 942,056	$ 1,927,056	4.91%
2017	1,020,000	901,406	1,921,406	
2018	1,045,000	858,401	1,903,401	
2019	1,100,000	813,070	1,913,070	
2020	1,145,000	764,118	1,909,118	26.42%
2021	1,205,000	712,458	1,917,458	
2022	1,265,000	657,378	1,922,378	
2023	1,325,000	598,728	1,923,728	
2024	1,385,000	536,798	1,921,798	
2025	1,445,000	471,548	1,916,548	59.47%
2026	1,500,000	402,938	1,902,938	
2027	1,310,000	331,250	1,641,250	
2028	1,360,000	265,750	1,625,750	
2029	1,435,000	197,750	1,632,750	
2030	1,510,000	126,000	1,636,000	94.96%
2031	1,010,000	50,500	1,060,500	100.00%
	$ 20,045,000	$ 8,630,146	$ 28,675,146	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included in herein.

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

FINANCIAL INFORMATION

INTRODUCTION

As required by generally accepted accounting principles (GAAP), all City funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The City's financial reporting system is designed to provide timely, accurate feedback on the City's overall financial position and includes, at a minimum, quarterly reports to the City Commission. All City financial statements are audited annually by independent certified public accountants.

The City's General Purpose Financial Statements, which is an extract of the Comprehensive Annual Financial Report included herein.

BASIS OF ACCOUNTING AND PRESENTATION

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

BUDGETARY PROCESS

The City Manager in a timely manner is required to submit to the Board of Commissioners a proposed operating budget for the fiscal year which begins on the following July 1. A public hearing is conducted by the Board of Commissioners to obtain citizen comment on the proposed budget. Prior to June 30th, the budget must be adopted. All annual appropriations lapse at the end of the fiscal year.

Amendments which revise the total expenditures of any fund may occur at any time during the fiscal year. The City Manager may, on his own authority, transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Board of Commissioners.

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FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The City maintains fund balances, net assets or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the City.

The table below depicts fund balances and retained earnings for the last five fiscal years ending June 30:

	For the year ended June 30				
Fund Type	**2011**	**2012**	**2013**	**2014**	**2015**
Governmental Funds:					
General	$5,130,428	$2,517,547	$ 2,592,563	$ 3,773,269	$ 5,148,299
Education	2,101,890	1,138,977	879,036	399,133	1,093,096
Debt Service	95,232	94,697	804,120	1,787,413	2,945,179
School Fund	643,496	934,986	12,559	480,000	108,171
Alcoa High School	-	-	8,158,425	12,034,975	1,151,203
Other Governmental	986,503	3,230,613	3,949,021	3,625,140	16,380,754
Total	**$8,957,549**	**$7,916,820**	**$16,395,724**	**$22,099,930**	**$22,099,930**
Proprietary Net Assets:					
Water/Sewer	$17,933,097	$19,107,463	$19,154,135	$19,468,901	$19,498,899
Stormwater	1,021,461	1,047,370	1,183,448	1,127,061	982,702
Electric	31,646,463	34,201,990	35,635,144	36,522,292	36,274,464
Landfill	2,573,467	3,035,724	2,975,842	2,442,339	2,248,630
Total	**$53,174,488**	**$57,392,547**	**$58,948,569**	**$59,560,593**	**$59,004,695**

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

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CITY OF ALCOA, TENNESSEE

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - General Fund
For the Fiscal Year Ended June 30

	2011	2012	2013	2014	2015
Revenues:					
Local taxes	$ 13,763,409	$ 11,654,503	$ 15,260,887	$ 16,653,983	$ 18,492,401
Licenses and Permits	61,824	85,630	107,319	163,953	139,093
Intergovernmental Revenue	2,199,372	2,732,447	2,250,043	2,173,709	1,989,248
American Recovery Reinvestment Act (ARRA)	1,635,667	-	-	-	-
Charges for Service	378,405	537,789	372,895	474,484	304,002
Fines and Forfeits	799,272	474,586	435,732	464,448	488,599
Rent for use of Facilities	154,944	136,533	143,389	143,547	143,388
Interest and Investment Earnings	9,512	11,878	-	-	-
Miscellaneous	227,360	202,898	76,703	32,850	231,917
Sale of Property / Equipment	-	-	13,296	64,258	92,875
Total Revenues	$ 19,229,765	$ 15,836,264	$ 18,660,264	$ 20,171,232	$ 21,881,523
Expenditures and Other Uses:					
General Government	$ 1,621,048	$ 1,725,782	$ 1,703,606	$ 1,726,638	$ 1,740,661
Public Safety	7,013,185	7,765,636	8,001,649	8,663,677	9,091,569
Public Works	4,085,717	4,879,116	4,739,978	4,934,270	4,894,927
Recreation and Parks	583,044	670,432	699,498	739,419	783,056
Other Appropriations	790,263	592,824	748,075	713,405	1,042,221
Adjustment		-	-	-	-
Capital Projects	2,790,217	-	-	-	-
Total Expenditures	$ 16,883,474	$ 15,633,790	$ 15,892,806	$ 16,777,409	$ 17,552,434
Excess of Revenues & Over (under) Expenditures	$ 2,346,291	$ 202,474	$ 2,767,458	$ 3,393,823	$ 4,329,089
Other Financing Sources (Uses):					
Interfund Transfers - In	$ 500,000	$ 250,000	$ 250,000	$ -	$ -
Interfund Transfers - Out	(2,757,060)	(4,686,856)	(4,572,099)	(4,050,000)	(4,682,383)
In Lieu of Taxes	1,576,436	1,621,501	1,629,657	1,686,883	1,728,324
Proceeds of Bonds	-	-	-	150,000	-
Payment of Refunding Bonds and Maryville College	-	-	-	-	-
Payment to Blount County	-	-	-	-	-
Other	952,511	-	-	-	-
Total Other Financing Sources (Uses)	$ 271,887	$ (2,815,355)	$ (2,692,442)	$ (2,213,117)	$ (2,954,059)
Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources	$ 2,618,178	$ (2,612,881)	$ 75,016	$ 1,180,706	$ 1,375,030
Extraordinary Item	-	-	-	-	-
Fund Balance July 1	$ 2,409,019	$ 5,130,428	$ 2,517,547	$ 2,592,563	$ 3,773,269
Prior Period Adjustment	103,231	-	-	-	-
Fund Balance June 30	**$ 5,130,428**	**$ 2,517,547**	**$ 2,592,563**	**$ 3,773,269**	**$ 5,148,299**

Source: Comprehensive Annual Financial Report for City of Alcoa, Tennessee

CITY OF ALCOA, TENNESSEE

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - Water and Sewer Fund

For the Fiscal Year Ended June 30

	2011	2012	2013	2014	2015
Revenues:					
Charges for Services	$ 9,700,941	$ 11,079,081	$ 10,572,753	$ 10,937,689	$ 10,829,770
Forfeited Discounts	-	-	-	-	-
Miscellaneous Revenues	377,257	902,691	113,898	21,122	22,528
Total Revenues	$ 10,078,198	$ 11,981,772	$ 10,686,651	$ 10,958,811	$ 10,852,298
Expenses:					
Administrative	$ 592,863	$ 624,986	$ 700,237	$ 729,133	$ 761,744
Accounting & Collection	675,580	681,933	740,753	805,409	775,014
Supervision	202,392	225,879	232,104	254,265	276,192
Water Plant Operation	1,512,087	1,563,571	1,542,722	1,568,618	1,502,677
Distribution	801,657	826,922	831,263	296,367	744,488
Meter Reading and Repair	300,637	333,595	358,834	305,468	596,592
Water Maintenance	250,084	186,402	177,093	229,214	229,829
Sewer Collection and Disposal	2,812,943	2,342,623	2,218,637	2,007,777	2,357,711
Inspection/Environmental Compliance	91,824	98,673	105,844	115,683	119,010
Depreciation and Amortization	2,120,348	2,150,240	2,293,111	2,258,876	2,425,742
Taxes and Tax Equivalents	-	-	-	-	-
Total Expenses	$ 9,360,415	$ 9,034,824	$ 9,200,598	$ 8,570,810	$ 9,788,999
Operating Income	$ 717,783	$ 2,946,948	$ 1,486,053	$ 2,388,001	$ 1,063,299
Other Income/Expense:					
Amortization of Discount/Expense	$ (38,989)	$ (44,494)	$ (51,777)	$ (39,643)	$ (26,617)
Other Income (Expenses)	49,573	27,499	11,781	3,832	-
Interest Income (Expense)	(1,461,566)	(1,409,806)	(1,395,130)	(1,637,424)	(1,857,372)
Total Other Income (Expense)	$ (1,450,982)	$ (1,426,801)	$ (1,435,126)	$ (1,673,235)	$ (1,883,989)
Net Income before Capital Contribution and Transfers	$ (733,199)	$ 1,520,147	$ 50,927	$ 714,766	$ (820,690)
Capital Contributions	2,667,043	54,219	370,745	-	1,610,605
Payments in lieu of taxes	(400,000)	(400,000)	(375,000)	(400,000)	(400,000)
Changes in Net Assets	$ 1,533,844	$ 1,174,366	$ 46,672	$ 314,766	$ 389,915
Net Assets - Beginning of the year	$ 16,399,253	$ 17,933,097	$ 19,107,463	$ 19,154,135	$ 19,468,901
Prior Period Adjustment	-	-	-	-	(359,917)
Net Assets - End of the year	**$ 17,933,097**	**$ 19,107,463**	**$ 19,154,135**	**$ 19,468,901**	**$ 19,498,899**

Source: Comprehensive Annual Financial Reports for City of Alcoa, Tennessee.

CITY OF ALCOA, TENNESSEE

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - Electric Fund
For the Fiscal Year Ended June 30

	2011	2012	2013	2014	2015
Operating Revenues:					
Residential	$ 38,352,043	$ 35,888,794	$ 37,089,208	$ 38,160,702	$ 38,470,039
Small lighting and power sales	5,559,605	5,766,500	5,850,584	6,110,830	6,144,805
Large lighting and power sales	16,586,668	17,243,546	16,525,841	16,555,636	17,091,487
Street and outdoor	975,038	1,035,164	1,085,354	1,083,511	1,153,353
Consumer forfeitures and discounts	439,295	420,582	425,046	451,428	436,879
Rent from electric property	515,378	538,810	558,546	544,454	525,900
Miscellaneous service revenue	248,659	232,357	234,782	245,108	250,377
Other electric revenue	528	51,851	54,797	63,807	59,468
Total Revenues	$ 62,677,214	$ 61,177,604	$ 61,824,158	$ 63,215,476	$ 64,132,308
Purchased Power	$ 49,832,583	$ 47,257,423	$ 48,108,297	$ 49,618,161	$ 51,078,680
Operating Expenses:					
Distribution expenses	$ 1,199,588	$ 1,299,299	$ 1,440,403	$ 1,462,995	$ 1,389,892
Customer account expenses	1,348,792	1,307,531	1,312,066	1,371,308	1,732,911
Sales expense	66,893	117,430	104,554	80,908	64,242
Administrative and general expense	2,472,151	2,709,987	2,717,802	3,051,305	3,072,117
Total Operating Expenses	$ 5,087,424	$ 5,434,247	$ 5,574,825	$ 5,966,516	$ 6,259,162
Maintenance Expenses:					
Distribution expenses	$ 1,853,469	$ 2,076,232	$ 2,543,545	$ 2,571,464	$ 2,318,078
Administrative and general expense	25,292	18,680	44,770	27,593	28,090
Total Maintenance Expenses	$ 1,878,761	$ 2,094,912	$ 2,588,315	$ 2,599,057	$ 2,346,168
Other Operating Expenses:					
Depreciation expenses	$ 2,304,265	$ 2,370,321	$ 2,411,498	$ 2,422,746	$ 2,463,035
Taxes and tax equivalents	-	-	-	-	-
Total Maintenance Expenses	$ 2,304,265	$ 2,370,321	$ 2,411,498	$ 2,422,746	$ 2,463,035
Operating Income	$ 3,574,181	$ 4,020,701	$ 3,141,223	$ 2,608,996	$ 1,985,263
Interest Income	$ 18,046	$ 20,185	$ 20,320	$ 22,752	$ 5,240
Interest Expense:					
Interest on long term debt	$ (405,000)	$ (240,000)	$ (462,500)	$ (378,333)	$ (340,000)
Amortization of debt expense	(26,387)	(26,387)	(26,387)	(26,387)	(26,387)
Total Interest Expense	$ (431,387)	$ (266,387)	$ (488,887)	$ (404,720)	$ (366,387)
Other Income (Expense):					
Revenue from contract work	$ 406	$ 696	$ 1,357	$ 473	$ -
Expense from contract work	-	-	-	-	-
Other income expense	1,646	1,833	13,798	(53,470)	2,559
Total Other Income	$ 2,052	$ 2,529	$ 15,155	$ (52,997)	$ 2,559
Net Income before transfers	$ 3,162,892	$ 3,777,028	$ 2,687,811	$ 2,174,031	$ 1,626,675
Transfers - In Lieu of Taxes	$ (1,176,436)	$ (1,221,501)	$ (1,254,657)	$ (1,286,883)	$ (1,328,324)
Extraordinary Item	-	-	-	-	-
Changes in Net Assets	$ 1,986,456	$ 2,555,527	$ 1,433,154	$ 887,148	$ 298,351
Net Assets - July 1	$ 29,660,007	$ 31,646,463	$ 34,201,990	$ 35,635,144	$ 36,522,292
Prior Year Adjustments	$ -	$ -	$ -	$ -	$ (546,179)
Net Assets - June 30	**$ 31,646,463**	**$ 34,201,990**	**$ 35,635,144**	**$ 36,522,292**	**$ 36,274,464**

Source: Comprehensive Annual Financial Reports for City of Alcoa, Tennessee.

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by State statute and local policies. Generally, such policies limit investment instruments to direct U.S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. The City is not authorized to invest in reverse repurchase agreements or derivative products. No investment may be made for a period greater that two years without written permission of the State Director of Local Finance.

As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost, which approximates market value.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

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

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

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

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

County Taxation of Property

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

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

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January I for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least I 0 days before the local board of equalization begins its annual session.

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

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

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

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

Periodic Reappraisal and Equalization

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an 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 of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

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

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

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

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November, 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is $500 for the year in which he becomes eligible, his property taxes will remain at $500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

Tax Collection and Tax Lien

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

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

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Assessed Valuations. According to the Tax Aggregate, property in the County and City reflected a ratio of appraised value to true market value of 1.00.

Class	Assessed Valuation	Rate	Appraised Value
Public Utilities	$ 13,603,334	55%	$ 31,164,568
Commercial and Industrial	210,043,800	40%	525,109,500
Personal Tangible	111,670,247	30%	372,234,042
Residential and Farm	125,093,875	25%	500,375,500
Total	**$460,441,256**		**$1,428,883,610**

The estimated assessed value of property in the City for the fiscal year ending June 30, 2015 (tax year 2014) is $460,441,256 compared to $463,051,825 for the fiscal year ending June 30, 2014 (tax year 2013). The estimated actual value of all taxable property for tax year 2014 is $1,428,883,610 compared to $1,439,407,011 for tax year 2013.

Source: 2014 Tax Aggregate Report for Tennessee and the City.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the City for tax years 2011 through 2015 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year (a)	**Assessed Valuation**	**Tax Rates**	**Taxes Levied**	**Amount**	**Pct**	**as of June 30, 2015 Amount**	**Pct**
2011	$454,226,484	$1.96	$8,945,269	$8,641,271	96.6%	$303,998	3.4%
2012	468,248,448	1.96	9,172,794	8,759,559	95.5%	413,235	4.5%
2013	463,051,825	1.96	8,951,791	8,540,278	95.4%	292,808	3.3%
2014	460,441,256	1.96	9,681,393	8,241,080	85.1%	1,440,313	14.9%
2015	462,512,847*	1.96	9,065,251*	**IN PROGRESS**			

(a) The tax year coincides with the calendar year, so tax year 2015, for example is actually fiscal year 2015-2016.
* Estimated

Largest Taxpayers. For the fiscal year ending June 30, 2015 (tax year 2014), the ten largest taxpayers in the City are as follows:

Taxpayer	Business Type	Assessment	% of Total Assessment
1. Aluminum Co. of America	Aluminum Ingot	$113,739,352	25.0%
2. CMH Management LP	MFG & Mortgage Banker	13,078,713	2.9%
3. Inland Diversified Alcoa		9,440,300	2.1%
4. Faulkner Properties	Real Estate	6,405,160	1.4%
5. MIDEB Nominees #672	Real Estate	4,631,840	1.0%
6. MIDEB Nominees Inc	Real Estate	3,717,840	0.8%
7. Coleman-Prospero Industrial	Manufacturer	3,437,600	0.7%
8. Stock Creek, LLC	Real Estate	3,202,320	0.8%
9. Alcoa TN, LLC	Manufacturer	2,712,600	0.6%
Total		**$160,365,725**	**35.3%**

Source: The City's Audit.

LOCAL OPTION SALES TAX

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated*, as amended, (the "Act"), the County levies a county-wide local option sales tax. Under the Act, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or city is limited under State law to two and three-fourths percent (2 3/4%).

Pursuant to the Act, the levy of a sales tax by a county precludes any city from within the county from levying a sales tax, but a city may levy a sales tax in addition to the county's sales tax a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three fourths percent (2 3/4%). 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.

The City's share of the County-wide sales tax for the most recent five fiscal years indicated as follows:

	2011	2012	2013	2014	2015
General	$6,249,648	$5,764,787	$6,964,984	$7,269,999	$7,726,630
General Purpose School Fund	1,464,124	1,644,348	1,733,137	1,806,846	2,003,590
TOTAL	**$7,713,772**	**$7,409,135**	**$8,698,121**	**$9,076,845**	**$9,730,220**

The Act authorizes a local jurisdiction, by resolution of its governing body, to pledge proceeds raised by the power and authority granted by the Act to the punctual payment of principal of and interest on bonds, notes or other evidence of indebtedness issued for purposes for which such proceeds were intended to be spent. The Board of Commissioners of the City has not pledged any local option sales tax proceeds to bonded indebtedness of the City.

PENSION PLANS

The City has a retirement plan known as the City of Alcoa Employee's Retirement Plan. The Plan was established January 1, 1955. All full-time employees employed at least 30 hours per week, except school personnel who are eligible for membership in the Tennessee Teachers' Retirement System are members of the Plan. The Plan is managed by a Board of Trustees with the First Tennessee Bank, Maryville, Tennessee being agent for the Trustees. The City has no beneficial interest in the trust fund and no funds are ever to revert to the City.

Certain employees of the City school system are members of the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer public employee retirement system (PERS) that acts as a common investment and administrative agent for political subdivisions in the State.

The TCRS is a defined benefit retirement plan covering teachers and general employees of the State as well as employees of political subdivisions that have elected coverage. Membership in the system is mandatory for State employees, teachers and employees of participating political subdivisions. The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 10 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at age 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system on or after July 1, 1979 were vested after 10 years of service and those who became members before July 1, 1979 were vested after four (4) years of service. Benefit provisions are established and amended by State statute. The City pays the total cost of pension contribution.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City attached herein.

UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement 45 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (“OPEB”) in the financial reports of state and local government employers. GASB 45 requires the recognition of the accrued liability for the respective year, plus the disclosure of the total unfunded liability. Cash funding of the unfunded liability is not required. For more information see the Notes to the General Purpose Financial Statements located herein.

APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS