



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

September 20, 2019

Honorable Michael Stanfield, Mayor
and Board of Commissioners
City of LaFollette
207 South Tennessee Ave.
LaFollette, TN 37766

Dear Mayor Stanfield and Members of the Board:

This letter, report and plan of refunding (the "Plan") are to be posted on the website of the City of LaFollette (the "City"). Please provide a copy of the letter, report, and Plan to each member of the Board for review at the public meeting for the adoption of the refunding bond authorizing resolution.

We acknowledge receipt on September 9, 2019, of a request from the City to review its Plan for the issuance of an estimated \$13,035,000 General Obligation Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds").

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our office for review. The information presented in the Plan includes the assertions of the City and may not reflect either current market conditions or market conditions at the time of sale.

Financial Professionals

The Plan was prepared by the City with the assistance of its municipal advisor, Cumberland Securities Company. Municipal advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests.

Compliance with the City's Debt Management Policy

The City provided a copy of its debt management policy and within forty-five (45) days of issuance of the debt approved in this letter is required to submit a Report on Debt Obligation that indicates that debt issued complies with the City's debt policy. If the City amends its policy, please submit the amended policy to this office.

Plan of Refunding

The City intends to sell approximately \$13,035,000 Series 2019 Refunding Bonds priced at par to current refund the following bonds:

- \$260,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2003, dated December 29, 2003, and maturing May 25, 2020 through May 25, 2023;
- \$3,519,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2004, dated May 24, 2005, and maturing May 25, 2020 through May 25, 2025;
- \$6,665,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2006, dated March 3, 2008, and maturing May 25, 2020 through May 25, 2030; and
- \$2,381,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2008, dated October 31, 2008, and maturing May 25, 2020 through May 25, 2031.

The total amount of refunded principal is \$12,825,000.

Report of the Review of a Plan of Refunding

The enclosed report must be presented to the members of the City Council for review prior to the adoption of a refunding bond authorizing resolution.

The enclosed report does not constitute approval or disapproval for the plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity.

The enclosed report is effective for a period of ninety (90) days from the date of the report. If the refunding bonds have not been sold within the ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to this office. We will then issue a report on the new plan for the governing body to review prior to adopting a new refunding bond authorizing resolution.

This letter and the enclosed report do not address compliance with federal tax regulations and are not to be relied upon for that purpose. The City should discuss these issues with a bond counsel. The assumptions of the plan are the assertions of the City. An evaluation of the preparation, support and underlying assumptions of the plan has not been performed by this office. The enclosed report provides no assurances of the reasonableness of the underlying assumptions.

Required Notification

We recognize that the information provided in the Plan submitted to our office is based on preliminary analysis and estimates and that actual results will be determined by market conditions at the time of sale. However, if the actual results differ significantly from the information provided in the submitted Plan,

the governing body and our office should be notified after the sale by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences.

Notification will be necessary only if there is a change of ten percent (10%) or more in any of the following:

1. An increase in the principal amount of the debt issued;
2. An increase in costs of issuance; or
3. A decrease in the cumulative savings or increase in the loss (if applicable).

The notification must include an explanation for any significant differences and the justification for change of ten percent (10%) or more from the amounts in the plan. This notification should be presented to the governing body and our office with the required filing of the Report on Debt Obligation, Form CT-0253.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website (emma.msrb.org).

Municipal Securities Rulemaking Board (MSRB) Rule G-17

MSRB Rule G-17 requires underwriters and municipal advisors to deal fairly with the City in the conduct of its municipal securities or municipal advisory activities. The Securities and Exchange Commission approved MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities on May 4, 2012. On August 2, 2012, this interpretive notice to MSRB Rule G-17 on fair dealing became part of federal securities law and underwriters are required to comply with its provisions.

These duties fall into three areas:

- statements and representations to issuers;
- disclosures to issuers; and
- financial aspects of underwriting transactions.

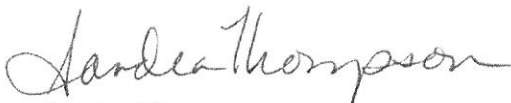
To learn more about the obligations of the City's underwriter (if applicable) and municipal advisor, please read the information posted on the MSRB website: www.msrb.org.

Report on Debt Obligation

We are enclosing a Report on Debt Obligation, Form CT-0253. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the City no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to SLF.PublicDebtForm@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. A fillable PDF of the form can be found on our website at: <https://comptroller.tn.gov/office-functions/state-and-local-finance.html>.

If you should have questions or need assistance, please feel free to contact your financial analyst, Steve Osborne, at 615.747.5343 or Steve.Osborne@cot.tn.gov. You may also contact our office by mail at the address located at the bottom of this page. Please send it to the attention of your analyst at the Office of State and Local Finance.

Sincerely,



Sandra Thompson
Director of the Office of State and Local Finance

cc: Ms. Jean Suh, Audit Review Manager, Division of Local Government Audit, COT
Mr. Walter Baird, General Manager, City of LaFollette
Mr. Joseph K. Ayres, Cumberland Securities Company, Inc
Mr. Scott Gibson, Cumberland Securities Company, Inc.
Mr. Mark Mamantov, Bass Berry & Sims

Enclosures: Report of the Director of the Office of State and Local Finance
Report on Debt Obligation

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019
CITY OF LAFOLLETTE**

The City of LaFollette (the "City") submitted a plan of refunding (the "Plan"), as required by TCA § 9-21-903 regarding the issuance of an estimated \$13,035,000 General Obligation Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, Cumberland Securities Company. The assumptions of the plan are the assertions of the City. An evaluation of the preparation, support and underlying assumptions of the Plan has not been performed by this office. This report provides no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Series 2019 Refunding Bonds may be issued with a structure different from that of the Plan. The City provided a copy of its debt management policy.

Balloon Indebtedness

The structure of the Series 2019 Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the structure is revised, the City should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the City must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the City adopting the resolution authorizing the issuance of the debt.

City's Proposed Refunding Objective

The Series 2019 Refunding Bonds are being issued to reduce variable interest rate exposure.

Plan of Refunding

The City intends to sell approximately \$13,035,000 Series 2019 Refunding Bonds priced at par to current refund the following bonds:

- \$260,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2003, dated December 29, 2003, and maturing May 25, 2020 through May 25, 2023;
- \$3,519,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2004, dated May 24, 2005, and maturing May 25, 2020 through May 25, 2025;
- \$6,665,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2006, dated March 3, 2008, and maturing May 25, 2020 through May 25, 2030; and
- \$2,381,000 Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee, Series 2008, dated October 31, 2008, and maturing May 25, 2020 through May 25, 2031.

Collectively these are the "Refunded Loan Agreements." The total amount of refunded principal is \$12,825,000.

Refunding Analysis

- The results of the refunding assume that the City intends to sell \$13,035,000 Series 2019 Refunding Bonds by competitive sale and priced at par.
- The final maturity of the Series 2019 Refunding Bonds does not extend beyond the final maturity of the Refunded Loan Agreements.
- Estimated cost of issuance for the Series 2019 Refunding Bonds is \$210,000 or \$16.11 per \$1,000 of the par amount of the Series 2019 Refunding Bonds. See Table 1 for individual costs of issuance.


Table 1
Costs of Issuance
Series 2019 Refunding Bonds

| | Amount | Price per \$1,000 Bond |
|---|------------|------------------------|
| Estimated Underwriter's Discount (TBD) | \$ 100,050 | \$ 7.67 |
| Municipal Advisor (Cumberland Securities Company) | 59,495 | 4.56 |
| Bond Counsel (Bass Berry & Sims) | 19,000 | 1.46 |
| Rating Agency | 19,500 | 1.50 |
| Miscellaneous | 11,955 | 0.92 |
| Total Cost of Issuance | \$ 210,000 | \$ 16.11 |

This report of the Office of State and Local Finance does not constitute approval or disapproval by our office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the City. The assumptions included in the City's Plan may not reflect either current market conditions or market conditions at the time of sale.

If the City does not refund all the Refunded Loan Agreements as a part of the Series 2019 Refunding Bonds, and the City wishes to refund a portion in a subsequent bond issue, then a new plan will have to be submitted to this office for review.

This report is effective for a period of ninety (90) days from the date of the report. If the refunding transaction has not been priced during this ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to this office.



Sandra Thompson
Director of the Office of State and Local Finance
Date: September 20, 2019