

RESOLUTION OF THE GOVERNING BODY OF FENTRESS COUNTY, TENNESSEE,
AUTHORIZING THE CAPITAL OUTLAY NOTES FOR THE FENTRESS COUNTY
HIGHWAY DEPARTMENT TO RESURFACE ROADS, AND TO PURCHASE
EQUIPMENT AND MATERIALS TO RESURFACE SAID ROADS, NOT TO EXCEED
\$475,000.00 PURSUANT TO THE INFORMAL BID PROCESS.

RESOLUTION NUMBER: 2016-05

WHEREAS, The Governing of Fentress County, Tennessee (the "Local Government") has determined that it is necessary and desirable to issue capital outlay notes in order to provide funds for the public works project for Fentress County Highway Department to resurface road and tar chip and/or cold mix existing roads with an attached Road List for the proposed project attached heretofore as Exhibit 1, and to purchase equipment, including a dump truck and other materials required in the process of resurfacing said roads, (hereinafter referred to as the "Project"). The cost of the Project is Four Hundred Seventy Five Thousand Dollars and No/100's. and the project life is approximately TWO YEARS (2).

WHEREAS, the Governing body has determined that the Project will promote or provide a traditional governmental activity or otherwise fulfill a public purpose; and

WHEREAS, under the provisions of Parts I, IV and IV of Title 9, Chapter 21, Tennessee Code Annotated (the "Act"), local governments in Tennessee are authorized to finance the cost of this Project through the issuance and sale of interest-bearing capital outlay notes upon the approval of the State Director of Local Finance; and

WHEREAS, the Governing Body finds that it is advantageous to the Local Government to authorize the issuance of Title 9 Chapter 21 Section 608 capital outlay notes to finance the cost of the project;

NOW THEREFORE, BE IT RESOLVED, by the Governing Body as follows:

SECTION 1. That for the purpose of providing funds to finance the cost of the Project in and for the Local Government, the Chief Executive Officer of the Local Government is hereby authorized in accordance with the terms of this Resolution, and upon approval of the State Director of Local Finance, to issue and sell interest-bearing capital outlay notes in a principal amount of FOUR HUNDRED SEVENTY FIVE THOUSAND Dollars (\$475,000.00) (the "Notes") by an informal bid process pursuant to the terms, provisions, and conditions permitted by law. The Notes shall be designated "Fentress County Highway Improvement Capital Outlay Notes, Series 2016"; shall be numbered serially from 1 upwards; shall be dated as of the date of issuance; shall be in denomination(s) as agreed upon with the purchaser; shall be sold at not less than 99% of par value and accrued interest; and shall bear interest at a rate or rates not to exceed

Four percent (4%) per annum, and in no event shall the rate exceed the legal limit provided by law.

SECTION 2. That the Notes shall mature not later than two (2) years after the date of issuance and, unless otherwise approved by the State Director of Local Finance, the Notes shall be amortized in an amount reflecting at least level debt service on the Notes, approximately according to the following schedule:

Fiscal Year	Principal Amount (approximate)
\$237,500.00	2016-2017
\$237,500.00	2017-2018

The Notes shall not exceed the reasonably expected economic life of the Project which is hereby to be at least two (2) years.

SECTION 3 That, the Notes shall be subject to redemption at the option of the Local Government, in whole or in part, at any time, at the principal amount and accrued interest to the date of redemption, without a premium, or, if sold at par, with or without a premium not exceeding one percent (1%) of the principal amount.

SECTION 4 That, the Notes shall be direct general obligations of the Local Government, for which the punctual payment of the principal and interest on the Notes, the full faith and credit of the Local Government is irrevocably pledged and the Local Government hereby pledges its taxing power as to all taxable property in the Local Government for the purpose of providing funds for the payment of principal and interest on the Notes. The Governing Body of the Local Government hereby authorizes the levy and collection of a special tax on all taxable property of the Local Government over and above all other taxes authorized by the Local Government to create a sinking fund to retire the Notes with interest as they mature in an amount necessary for that purpose.

If applicable, the Notes shall be further secured by Nothing Else.

SECTION 5 That, the Notes shall be executed in the name of the Local Government; shall bear the manual signature of the chief executive officer of the Local Government and the manual signature of the county clerk, city recorder, or other similar local government official as authorized by the governing body together with the Local Government seal affixed thereon; and

shall be payable as to principal and interest at the office of the Local Government official as authorized by the Local Government. Proceeds of the Notes shall be deposited with the county trustee, in the case of counties, or, in the case of municipalities or metropolitan governments, with the official designated by law as custodian of the funds.

All proceeds shall be paid out for the purpose of financing the Project pursuant to this Resolution and as required by law.

SECTION 6 That, the Notes will be issued in fully registered form and that at all times during which any Note remains outstanding and unpaid, the Local Government or its agent shall keep or cause to be kept at its office a note register for the registration, exchange, or transfer of the Notes. The note register, if held by an agent of the Local Government, shall at all times be open for inspection by the Local Government or any duly authorized officer of the Local Government. Each Note shall have the qualities and incidents of a negotiable instrument and shall be transferable only upon the note register kept by the Local Government or its agent, by the registered owner of the Note in person, or by the registered owner's attorney duly authorized in writing, upon presentation and surrender to the Local Government or its agent, together with a written instrument of transfer satisfactory to the Local Government duly executed by the registered owner or the registered owner's duly authorized attorney. Upon the transfer of any such Note, the Local Government shall not be obligated to make any such Note transfer during the fifteen (15) days next preceding an interest payment date on the Notes or, in the case of any redemption of the Notes, during the forty-five (45) days next preceding the date of redemption.

SECTION 7 That, the Notes shall be in substantially the form authorized by the State Director of Local Finance and shall recite that the Notes are issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated.

SECTION 8 That, prior to the sale of the Notes, the Local Government shall submit a copy of this Resolution authorizing the Notes to the State Director of Local Finance for approval and a copy of the proposed disclosure statement, if any, and a statement showing the estimated annual principal and interest requirements for the Notes and a detailed statement showing the estimated cost of issuance which shall include at least the following, if applicable: (1) fiscal agent and/or financial advisor fees; (2) bond counsel fees; (3) other legal charges, if any; (4) credit enhancement fees; (5) trustee fees; (6) registration fees; (7) paying agent fees; (8) rating agency fees; (9) underwriters' discount or charges; (10) remarketing agent fees; (11) printing, advertising, and other expenses, (12) the number of financial institutions contacted by telephone or by letter (which should be at least three if possible) for the purpose of obtaining interest rates, and, if only one institution was contacted, a statement as to why only one institution was contacted.

In its request for approval, the Local Government shall state and demonstrate that the proposed sale by the informal bid process is feasible, in the best interest of the Local Government, and that the Local Government should be able to amortize the proposed indebtedness together with all the obligations then outstanding.

SECTION 9 The Notes shall not be sold until receipt of the State Director of Local Finance's written approval for the sale of the Notes.

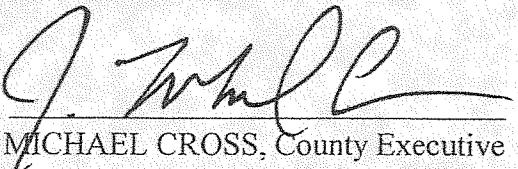
SECTION 10 That, the Notes are hereby designated as qualified tax-exempt obligations for purpose of Section 265(b)(3) of the Internal Revenue Code of 1986.

SECTION 11 That, after the sale of the Notes, and for each year that any of the Notes are outstanding, the Local Government shall prepare an annual budget in form consistent with accepted governmental standards and as approved by the State Director of Local Finance (the "Director"). The budget shall be kept balanced during the life of the Note. The annual budget shall be submitted to the Director immediately upon its adoption; however, it shall not become the official budget for the fiscal year until such budget is approved by the Director in accordance with Title 9, Chapter 21, Tennessee Code Annotated (the "Statutes"). If the Director determines that the budget does not comply with the Statutes, the Governing Body shall adjust its estimates or make additional tax levies sufficient to comply with the Statutes, or as directed by the Director.

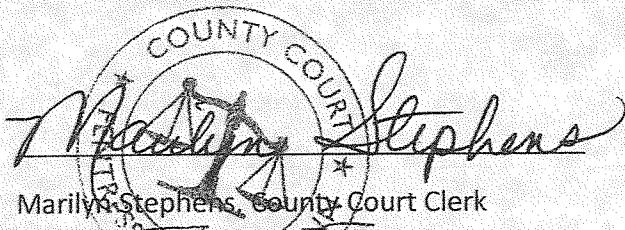
SECTION 12 That, if any of the Notes shall remain unpaid at the end of two (2) years from the issue date, then the unpaid Notes shall be retired from the funds of the Local Government or be converted into bonds pursuant to Chapter 11 of Title 9 of the Tennessee Code Annotated, or any other law, or be otherwise liquidated as approved by the State Director of Local Finance.

SECTION 13 That, all orders or resolutions in conflict with this Resolution are hereby repealed insofar as such conflicts exist; and this Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED this 16th day of May, 2016.

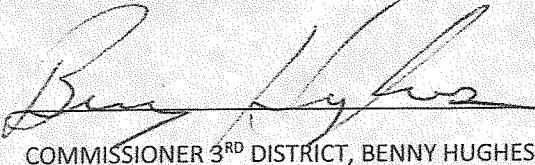

JAMES MICHAEL CROSS, County Executive

Resolution 2016-05



COMMISSIONER 1ST DISTRICT, JIMMY JOHNSON

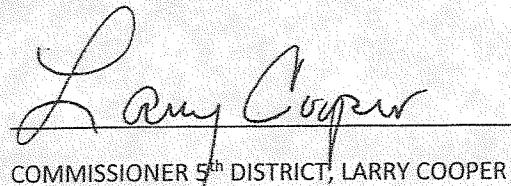
COMMISSIONER 2ND DISTRICT, J.P. REAGAN



COMMISSIONER 3RD DISTRICT, BENNY HUGHES

Absent

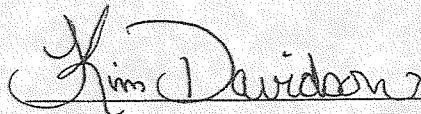
COMMISSIONER 4TH DISTRICT, LESTER GOODING



COMMISSIONER 5TH DISTRICT, LARRY COOPER

Justin E. Miller

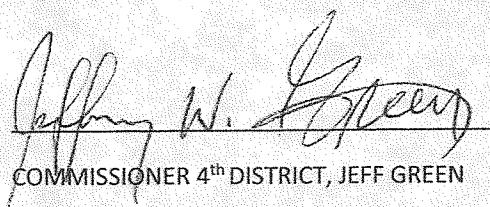
COMMISSIONER 1ST DISTRICT, JUSTIN MILLER



COMMISSIONER 2ND DISTRICT, KIM DAVIDSON

Donald E. Williams

COMMISSIONER 3RD DISTRICT DONAL WILLIAMS



COMMISSIONER 4TH DISTRICT, JEFF GREEN

Wade Matthews

COMMISSIONER 5TH DISTRICT, WADE MATTHEWS

ATTACHMENT FOR \$475,000 (amount)
Highway Department Notes (description)
INFORMAL BID CAPITAL OUTLAY NOTES

As required by Title 9, Chapter 21, Part 609, Tennessee Code Annotated, this information is being submitted to the State Director of Local Finance to request approval to issue these notes by the informal bid process:

1. The informal bid process is feasible.
2. The informal bid process is in the best interest of the Local Government.
3. The Local Government will be able to amortize these notes together with all other outstanding obligations.
4. Interest rate proposals have been obtained by telephone or in writing from the following financial institutions (at least three should be contacted, if possible):
a. FIRST VOLUNTEER BANK @ 1.75% b. _____
c. UNION BANK @ 2% d. _____
e. BANK OF PUTNAM COUNTY/FENTRESS COUNTY @ 1.34% f. _____

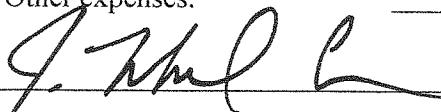
If only one financial institution is contacted for interest rates, a separate statement must be submitted explaining why. If "only one local bank" is the explanation, the informal bid process will not be approved.

5. _____ There are no issuance costs associated with the sale of these notes.

6. These are issuance costs, and they are itemized as follows:

Financial advisor fees: _____
Legal counsel fees: \$300
Credit enhancement fees: _____
Registration fees: _____
Paying agent fees: _____
Rating agency fees: _____
Underwriter's fees: _____
Remarketing agent fees: _____
Printing and advertising: _____
Other expenses: _____

Signed:



Title:

County Executive

Fentress County Highway Department

Jonathan Scott Norris, Road Supervisor

P.O. Box 825
Jamestown, TN 38556

Phone (931) 879-7913
Fax (931) 879-4862

May 5, 2016

To the Honorable Fentress County Commission & Budget/Finance Committee:

I would like to purchase a dump truck and tar & chip or cold mix the following roads with the loan proceeds.

*John Reagan Lane
Angley Overlook Drive
Bear Huff Loop
Joe York Road
Manson Road
Old Stephens Road
Shellotte Loop Road
Short Horn Road
Fritzsche Loop
Graveyard Road
Dogwood Trail
Georgee Road
Grey Fox Lane
Hall Road
Hemlock Trail
Holly Trail
Virgil Beaty Road
Deer Haven Trail
Honey Creek Loop Road
Patton Branch Road
Sam Smith Road
Taft Story Road*

Thank you for your consideration in this matter.

Sincerely,



Scott Norris

Fentress County Finance Department

Bank of Fentress Co.
Fentress Co.
Branch

Simple Interest Amortization

Loan Information		Summary	
Loan Amount	\$ 475,000.00	Daily Interest Rate	0.0036712%
Annual Interest Rate	1.34%	Number of Payments	24
Term of Loan in Years	2	Total Payments	\$ 481,911.01
Date of Loan	6/1/2016	Total Interest	\$ 6,911.01
First Payment Date	7/15/2016	Balloon Payment	\$ -
Payment Frequency	Monthly		
Days in Year	365		
Balloon Payment #	0		
Rounding	On		

Est. Monthly Payment	\$ 20,079.42
Actual Monthly Payment	\$ 20,079.63

Amortization Schedule

Pmt No.	Date	Payment	Interest	Principal	Principal Balance
	06/01/16				475,000.00
1	07/15/16	20,079.63	767.29	19,312.34	455,687.66
2	08/15/16	20,079.63	518.61	19,561.02	436,126.64
3	09/15/16	20,079.63	496.35	19,583.28	416,543.36
4	10/15/16	20,079.63	458.77	19,620.86	396,922.50
5	11/15/16	20,079.63	451.73	19,627.90	377,294.60
6	12/15/16	20,079.63	415.54	19,664.09	357,630.51
7	01/15/17	20,079.63	407.01	19,672.62	337,957.89
8	02/15/17	20,079.63	384.62	19,695.01	318,262.88
9	03/15/17	20,079.63	327.16	19,752.47	298,510.41
10	04/15/17	20,079.63	339.73	19,739.90	278,770.51
11	05/15/17	20,079.63	307.03	19,772.60	258,997.91
12	06/15/17	20,079.63	294.76	19,784.87	239,213.04
13	07/15/17	20,079.63	263.46	19,816.17	219,396.87
14	08/15/17	20,079.63	249.69	19,829.94	199,566.93
15	09/15/17	20,079.63	227.12	19,852.51	179,714.42
16	10/15/17	20,079.63	197.93	19,881.70	159,832.72
17	11/15/17	20,079.63	181.90	19,897.73	139,934.99
18	12/15/17	20,079.63	154.12	19,925.51	120,009.48
19	01/15/18	20,079.63	136.58	19,943.05	100,066.43
20	02/15/18	20,079.63	113.88	19,965.75	80,100.68
21	03/15/18	20,079.63	82.34	19,997.29	60,103.39
22	04/15/18	20,079.63	68.40	20,011.23	40,092.16
23	05/15/18	20,079.63	44.16	20,035.47	20,056.69
24	06/15/18	20,079.52	22.83	20,056.69	0.00

Date: 05/03/2016

Union Bank

Page 1

Funding Date:	06/01/2016	Compounding:	U.S. Rule	Principal:	475,000.00
First Payment Date:	07/15/2016	Period:	Actual/365	Initial Interest Rate:	0.000%
		Pmt Schedule:	Monthly	Interest Rate:	2.000%
				Pmt Amount:	20,222.42

* Escrowed Interest

Payment Number	Payment Date	Days	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance	Equity Built
	06/15/2016	14		364.38	-364.38*	475,000.00	
1	07/15/2016	30	\$20,222.42	780.82	19,077.22	455,922.78	\$19,077.22
2	08/15/2016	31	\$20,222.42	774.44	19,447.98	436,474.80	\$38,525.20
3	09/15/2016	31	\$20,222.42	741.41	19,481.01	416,993.79	\$58,006.21
4	10/15/2016	30	\$20,222.42	685.47	19,536.95	397,456.84	\$77,543.16
5	11/15/2016	31	\$20,222.42	675.13	19,547.29	377,909.55	\$97,090.45
6	12/15/2016	30	\$20,222.42	621.22	19,601.20	358,308.35	\$116,691.65
2016	Totals:		121,334.52	4,642.87	116,691.65		
7	01/15/2017	31	\$20,222.42	608.63	19,613.79	338,694.56	\$136,305.44
8	02/15/2017	31	\$20,222.42	575.32	19,647.10	319,047.46	\$155,952.54
9	03/15/2017	28	\$20,222.42	489.50	19,732.92	299,314.54	\$175,685.46
10	04/15/2017	31	\$20,222.42	508.42	19,714.00	279,600.54	\$195,399.46
11	05/15/2017	30	\$20,222.42	459.62	19,762.80	259,837.74	\$215,162.26
12	06/15/2017	31	\$20,222.42	441.37	19,781.05	240,056.69	\$234,943.31
13	07/15/2017	30	\$20,222.42	394.61	19,827.81	220,228.88	\$254,771.12
14	08/15/2017	31	\$20,222.42	374.09	19,848.33	200,380.55	\$274,619.45
15	09/15/2017	31	\$20,222.42	340.37	19,882.05	180,498.50	\$294,501.50
16	10/15/2017	30	\$20,222.42	296.71	19,925.71	160,572.79	\$314,427.21
17	11/15/2017	31	\$20,222.42	272.75	19,949.67	140,623.12	\$334,376.88
18	12/15/2017	30	\$20,222.42	231.16	19,991.26	120,631.86	\$354,368.14
2017	Totals:		242,669.04	4,992.55	237,676.49		
19	01/15/2018	31	\$20,222.42	204.91	20,017.51	100,614.35	\$374,385.65
20	02/15/2018	31	\$20,222.42	170.91	20,051.51	80,562.84	\$394,437.16
21	03/15/2018	28	\$20,222.42	123.60	20,098.82	60,464.02	\$414,535.98
22	04/15/2018	31	\$20,222.42	102.71	20,119.71	40,344.31	\$434,655.69
23	05/15/2018	30	\$20,222.42	66.32	20,156.10	20,188.21	\$454,811.79
24	06/15/2018	31	\$20,222.42	34.29	20,188.13	.08	\$474,999.92
2018	Totals:		121,334.52	702.74	120,631.78		
Grand Totals:			485,338.08	10,338.16	474,999.92		

This amortization schedule is provided to you for your convenience. The amortization may include estimates based upon information provided by you. Actual terms of credit offered by us may vary from this amortization schedule. The outstanding balance shown above will vary from your actual outstanding balance owed to the Bank because of the timing of payments.

Amortization Schedule

First Volunteer Bank

Original Principal:	\$475,000.00	Repayment Schedule:	Installment
Disbursement Date:	06/01/2016	Calculation Method:	365/365
Interest Rate:	1.7500%	Insurance Selection:	No Insurance

We are happy to provide you with the loan cost estimate below. This information is only an estimate, based on information we received from you and other variables known at this time. We are providing it solely at your request, not as a solicitation for your business.

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	07/15/2016	\$20,168.26	\$1,002.05	\$19,168.21	\$455,833.79
2	08/15/2016	\$20,168.26	\$677.51	\$19,490.75	\$436,343.04
3	09/15/2016	\$20,168.26	\$648.53	\$19,519.73	\$416,823.31
4	10/15/2016	\$20,168.26	\$599.54	\$19,568.72	\$397,254.59
5	11/15/2016	\$20,168.26	\$590.44	\$19,577.82	\$377,676.77
6	12/15/2016	\$20,168.26	\$543.24	\$19,625.02	\$358,051.75
2016 TOTALS:		\$121,009.56	\$4,061.31	\$116,948.25	
7	01/15/2017	\$20,168.26	\$532.17	\$19,636.09	\$338,415.66
8	02/15/2017	\$20,168.26	\$502.99	\$19,665.27	\$318,750.39
9	03/15/2017	\$20,168.26	\$427.91	\$19,740.35	\$299,010.04
10	04/15/2017	\$20,168.26	\$444.42	\$19,723.84	\$279,286.20
11	05/15/2017	\$20,168.26	\$401.71	\$19,766.55	\$259,519.65
12	06/15/2017	\$20,168.26	\$385.73	\$19,782.53	\$239,737.12
13	07/15/2017	\$20,168.26	\$344.82	\$19,823.44	\$219,913.68
14	08/15/2017	\$20,168.26	\$326.86	\$19,841.40	\$200,072.28
15	09/15/2017	\$20,168.26	\$297.37	\$19,870.89	\$180,201.39
16	10/15/2017	\$20,168.26	\$259.19	\$19,909.07	\$160,292.32
17	11/15/2017	\$20,168.26	\$238.25	\$19,930.01	\$140,362.31
18	12/15/2017	\$20,168.26	\$201.89	\$19,966.37	\$120,395.94
2017 TOTALS:		\$242,019.12	\$4,363.31	\$237,665.81	
19	01/15/2018	\$20,168.26	\$178.94	\$19,889.32	\$100,406.62
20	02/15/2018	\$20,168.26	\$149.24	\$20,019.02	\$80,387.60
21	03/15/2018	\$20,168.26	\$107.91	\$20,060.35	\$60,327.25
22	04/15/2018	\$20,168.26	\$69.67	\$20,078.59	\$40,248.66
23	05/15/2018	\$20,168.26	\$57.89	\$20,110.37	\$20,138.29
24	06/15/2018	\$20,168.22	\$29.93	\$20,138.29	\$0.00
2018 TOTALS:		\$121,009.52	\$613.58	\$120,395.94	
Totals:		484,038.20	9,038.20	475,000.00	

Fee	Description	Fin Amt	Fin %	Cash Amt	Cash %	RESPA #	GFE	Total Fee
LFC	Loan Origination Fee							0.00



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

June 10, 2016

Honorable County Mayor
and Board of Commissioners of Fentress County
P.O. Box 1128
Jamestown, TN 38556

Dear Mayor Cross and Commissioners:

Please include this letter in the minutes of the next meeting of the County Commission and provide a copy to each Commissioner.

This Office received a request from Fentress County (the "County") on June 1, 2016, for approval to issue two-year capital outlay notes in an amount not to exceed \$475,000 to be known as the "Fentress County Highway Improvement Capital Outlay Notes, Series 2016" (the "Notes").

This Office received a certified original copy of Resolution No. 2016-05 adopted on May 16, 2016, authorizing the issuance of the Notes to finance the acquisition of equipment for the Highway Department including a dump truck and materials necessary to resurface county roads (the "Project"). The proposed note form was included as part of the resolution. Please send a copy of the executed note form to us along with the completed Report on Debt Obligation within forty-five days of the issuance of the debt herein approved.

Compliance with Debt Management Policy

The County 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 the Report on Debt Obligation (the "Form") that indicates that this debt complies with its debt policy. If the County amends its policy, please submit the amended policy to this office.

Note Approval

This letter constitutes approval for the County to issue the Notes by negotiated sale or competitive bid pursuant to T.C.A. §§ 9-21-604 and 9-21-607. Approval of the sale of the Notes is conditioned upon the County's compliance with Title 9, Chapter 21, Parts 1, 4, and 6, of the Tennessee Code Annotated and timely payment of outstanding note principal and interest in accordance with the note provisions. The amount of the Notes being approved is based on the County's determination of the cost of the public works project as authorized in T.C.A. § 9-21-109.

The County is responsible for ensuring compliance with Tennessee Code Annotated Title 9, Chapter 21, Parts 1, 4, and 6 and timely payment of outstanding note principal and interest in accordance with the note provisions.

This letter and the approval to issue debt do not address the compliance with federal tax regulations and should not be relied upon for that purpose. The County should discuss these issues with a tax attorney or bond counsel.

This approval is valid for six months after the date of this letter. If the Notes have not been issued within that time, a new note resolution must be passed by the Governing Body and submitted to this Office for approval.

Purpose, Terms, and Life

This Project meets the definition for public works projects in T.C.A. § 9-21-105, and the County may issue notes under the authority of Title 9, Chapter 21, Tennessee Code Annotated to finance such project. The maturity of the Notes does not exceed the life of the proposed Project as attested by the local governing body. The submitted certified resolution and supporting documents appear to meet the requirements for the issuance of notes in Tennessee Code Annotated, Title 9, Chapter 21, Parts 1, 4, and 6. The maximum maturity for the Notes as authorized by the governing body is two (2) years after the date of issuance.

In accordance with the requirements of T.C.A. § 9-21-604, a condition for this approval is that not less than one-ninth (1/9) of the original principal amount of the Notes is paid each year after the fiscal year issued with the balance being paid in the final year of the Notes. In its resolution, the County committed to pay one-half (1/2) of the original principal amount of the Notes each year the Notes are outstanding. This meets the statutory requirement.

Nonconforming Obligations

Notes issued contrary to Title 9 Chapter 21 Parts 4 and 6 of the Tennessee Code Annotated or Notes not properly extended are nonconforming obligations. The Comptroller has the option to levy a penalty for notes deemed nonconforming obligations.

Director's Budget Approval Requirement

By issuing debt under the authority of Title 9 Chapter 21 of the Tennessee Code Annotated, the County has placed itself under the budget approval authority of the Director of the Office of State and Local Finance for the life of any outstanding debt. This authority requires you, as Chief Executive Officer, to submit within fifteen days of adoption the appropriation resolution with any necessary supporting documents to this Office for official budget approval to document:

- the County's budget is balanced as required by state law,
- the County intends to pay all outstanding debt obligations, and
- the annual budget is prepared in a form consistent with accepted governmental standards and as approved by the Director.

This Office can require the County to provide any information or perform any audits necessary to ascertain that the County maintains a balanced budget paying all outstanding debt obligations. If the County is unwilling to submit to the requirements of T.C.A. § 9-21-403, this approval to issue the Notes is rescinded.

If the statutorily required budget and supporting documents are not submitted, the County will not be permitted to convert the Notes to bonds after the two year period commencing on the date of issuance. Once under this requirement, if the County fails to comply, it must publish a notice in a paper of general circulation in the County stating that a proper budget has not been submitted to the Director for approval to become the official budget and that the County is not operating in compliance with Title 9 Chapter 21 Part 4 of the Tennessee Code Annotated.

Municipal Securities Rulemaking Board (MSRB) Voluntary Disclosure of Bank Loans

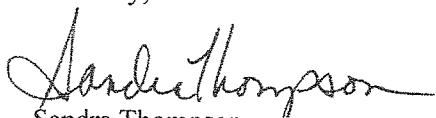
The Municipal Securities Rulemaking Board (MSRB) released regulatory notices: MSRB Notice 2011-52, providing guidance on the use of “bank loans” that could be a private placement of municipal securities subject to specific regulatory requirements including disclosure; and MSRB Notice 2012-18, encouraging the voluntary disclosure of bank loan financings through the MSRB’s Electronic Municipal Market Access (EMMA®) website (emma.msrb.org). For more information see the preceding notices on the MSRB’s website (msrb.org). To learn how to submit disclosure see the link at the bottom of the EMMA website labeled Submit Documents or the Education Center of the MSRB’s website.

Report on Debt Obligation

Enclosed is the Report on Debt Obligation. This form must be filed with the governing body of the public entity issuing the Debt not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any public entity, 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 letter, or by email to StateandLocalFinance.PublicDebtForm@cot.tn.gov. A fillable PDF of the Form is available at www.comptroller.tn.gov/sl/PDF/CT0253_Revised.pdf. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

Please notify us if the County decides not to issue the Notes. If we may be of further assistance, please feel free to call us.

Sincerely,



Sandra Thompson
Director of State & Local Finance

Cc: Mr. Bryan Burklin, Assistant Director, Division of Local Government Audit, COT

Encl: Report on Debt Obligation

**INSTRUCTIONS FOR PREPARATION OF
FORM CT-0253: REPORT ON DEBT OBLIGATION ("Report")**

Note: The Report must be prepared for all debt obligations issued or entered into by any public entity and filed with the Governing Body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee ("OSLF"). The purpose for the Report is to provide clear and concise information to members of the governing or legislative body who authorized and are responsible for debt that has been issued. Conduit issuers must complete a Report even if costs and responsibilities are paid or assumed by a non-governmental borrower.

For a draw down borrowing program, including but not limited to commercial paper programs or the State Revolving Fund loan program ("Borrowing Program"), in which the maximum principal amount of the program or loan is established, but will not be drawn upon until a future date, the Governing Body may elect to file a Report at the time of establishment of the program (with disclosures as if the entire amount has been issued). In other words, the Report can be filed for a commercial paper program in the maximum amount authorized ("Initial Report") and an additional Report is not needed each time the commercial paper is issued within the maximum amount authorized by the established program. As an alternative, the Governing Body could also submit a Report for each draw on the Borrowing Program.

The Governing Body must decide what ongoing disclosures it wishes to receive regarding the Borrowing Program, such as updated payment schedules when funds are drawn. These ongoing disclosures should occur on a frequency no less than annually and should follow the same process as with a Report. Copies of these updates to the Initial Report may (but are not required to) be filed with the OSLF.

This Report has been approved by the State Funding Board pursuant to TCA Section 9-21-151(c)(1) and must be used. Responses (including "Not Applicable" or NA) are required for all questions; Reports without responses to each question will be deemed non-compliant under TCA Section 9-21-151, returned to the public entity, and the public entity will be included on the discovery list. Any entity failing to comply within 15 days will be placed on the list of nonresponsive entities and pursuant to that Section will be legally unable to enter into any additional debt obligations until compliance is achieved. Definitions are included at the end of these Instructions.

1. Public Entity

Include the full name and address of the public entity issuing the debt (this is NOT the bank or the lending institution). Provide the name of the debt issue (such as "Police Car Three-Year Capital Outlay Notes, Series 2013"). If this is an interfund loan, indicate the borrowing fund.

If the Governing Body has elected to receive an Initial Report for a Borrowing Program, then attach a copy of a draft form the Governing Body will use for its annual updates to the Initial Report. Such form should include a schedule similar to #10 of the Report.

9. Date

The "dated date" is the date that interest begins to accrue on the obligation or the date that value begins to increase or accrete. The "issue or closing date" is the date that proceeds of the debt obligation are received by the public entity.

10. Maturity Dates, Amounts and Interest Rates*

Indicate each year that principal is paid, the principal amount maturing in each year and the interest rate for that maturity. If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years or (3) debt service payments are not level throughout the retirement period, then YOU MUST PREPARE AND ATTACH a cumulative repayment schedule (grouped in 5 year increments, out to 30) including this and all other entity debt then outstanding secured by the same source. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source. The format to use follows:

Year	THIS ISSUE			TOTAL DEBT OUTSTANDING		
	Cumulative Principal	% Total		Year	Cumulative Principal	% Total
1	\$	%		1	\$	%
5				5		
10				10		
15				15		
20				20		
25				25		
30				30		

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

11. Costs of Issuance

Indicate all costs incurred in the initial issuance of the debt, rounded to the nearest dollar. Related costs that may recur on a periodic basis while the debt is outstanding are reported in #12. Include with professional fees any expenses billed by the professional, such as long distance calls or printing costs. If the financial advisor fee includes any other costs such as legal, printing, or rating fees, these costs should be itemized separately. If there are fees and costs that are not identified by categories shown on the form, indicate these in the "other costs" category; this may be aggregated only if this amount is less than \$5,000. Pro-rate the issuance costs on each Report if multiple series are reported on separate forms.

12. Recurring Costs

List the ongoing or recurring costs involved in connection with remarketing, liquidity, and credit enhancement, specifying any periodic fees and charges that may be incurred on a per transaction basis. Indicate any sponsorship, program, or administrative fees. If the periodic fees are not based on the outstanding principal balance of debt, please specify how the fees are calculated.

“Debt obligation” means bonds, notes, capital leases, loan agreements, and any other evidence of indebtedness lawfully issued, executed or assumed by a Public Entity.

“Derivative” means an interest rate agreement, as defined in TCA Section 9-22-103 and other transactions identified by the State Funding Board.

“Finance transaction” means debt obligations, derivatives, or both.

“Governing body” means the legislative body of any public entity or any other authority charged with the governing of the affairs of any public entity.

“Initial Report” means a Report filed at the time of establishment of a Borrowing Program (with disclosures as if the entire amount has been issued).

“NIC” means net interest cost and “TIC” means true interest cost.

“Public entity” means the state, a state agency, a local government, a local government instrumentality, or any other authority, board, district, instrumentality, or entity created by the state, a state agency, local government, a local government instrumentality, or combination, thereof.

INCORRECT OR INCOMPLETE FORMS WILL BE RETURNED
AND THE PUBLIC ENTITY WILL BE DEEMED NOT IN COMPLIANCE WITH TCA SECTION 9-21-151.

REPORT ON DEBT OBLIGATION

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

1. Public Entity: Name: _____ Address: _____ _____ Debt Issue Name: _____ <small>If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.</small>													
2. Face Amount: \$ _____ <small>Premium/Discount: \$ _____</small>													
3. Interest Cost: _____ % <input type="checkbox"/> Tax-exempt <input type="checkbox"/> Taxable <small> <input type="checkbox"/> TIC <input type="checkbox"/> NIC <input type="checkbox"/> Variable: Index _____ plus _____ basis points; or <input type="checkbox"/> Variable: Remarketing Agent _____ <input type="checkbox"/> Other: _____ </small>													
4. Debt Obligation: <small> <input type="checkbox"/> TRAN <input type="checkbox"/> RAN <input type="checkbox"/> CON <input type="checkbox"/> BAN <input type="checkbox"/> CRAN <input type="checkbox"/> GAN <input type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> Capital Lease </small> <p style="text-align: center;">If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").</p>													
5. Ratings: <small> <input type="checkbox"/> Unrated Moody's _____ Standard & Poor's _____ Fitch _____ </small>													
6. Purpose: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center; background-color: black; color: white;">BRIEF DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input type="checkbox"/> General Government</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/> Education</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/> Utilities</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/> Other</td> <td style="text-align: center;">_____ %</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/> Refunding/Renewal</td> <td style="text-align: center;">_____ %</td> </tr> </tbody> </table>		BRIEF DESCRIPTION		<input type="checkbox"/> General Government	_____ %	<input type="checkbox"/> Education	_____ %	<input type="checkbox"/> Utilities	_____ %	<input type="checkbox"/> Other	_____ %	<input type="checkbox"/> Refunding/Renewal	_____ %
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9. Date: <small> Dated Date: _____ Issue/Closing Date: _____ </small>													

REPORT ON DEBT OBLIGATION

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

10. Maturity Dates, Amounts and Interest Rates *:

If more space is needed, attach an additional sheet.

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

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

11. Cost of Issuance and Professionals:

No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 0	
Legal Fees	\$ 0	
Bond Counsel	\$ 0	
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 0	
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____ %	\$ 0	
Take Down	\$ 0	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 0	
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 0	
TOTAL COSTS	\$ 0	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

 No Recurring CostsAMOUNT
(Basis points/\$)FIRM NAME
(if different from #11)

Remarketing Agent _____
 Paying Agent / Registrar _____
 Trustee _____
 Liquidity / Credit Enhancement _____
 Escrow Agent _____
 Sponsorship / Program / Admin _____
 Other _____

13. Disclosure Document / Official Statement:

 None Prepared EMMA link _____ Copy attached _____

or

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt?

 Yes No

Is there a continuing disclosure obligation agreement related to this debt?

 Yes No

If yes to either question, date that disclosure is due _____

Name and title of person responsible for compliance _____

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy _____

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

 No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy?

 Yes No

17. Submission of Report:

To the Governing Body:

on _____

and presented at public meeting held on _____

Copy to Director to OSLF:

on _____

either by:

 Mail to:

505 Deaderick Street, Suite 1600
 James K. Polk State Office Building
 Nashville, TN 37243-1402

OR

 Email to:StateAndLocalFinance.PublicDebtForm@cot.tn.gov

18. Signatures:

AUTHORIZED REPRESENTATIVE

PREPARER

Name _____

Title _____

Firm _____

Email _____

Date _____