



SUMNER COUNTY GOVERNMENT
FINANCE DEPARTMENT
355 North Belvedere Drive ~ Room 302
Gallatin, Tennessee 37066
615.451.6033

March 9, 2021

Ms. Betsy Knotts
Director of the Division of Local Government Finance
State of Tennessee
Cordell Hull State Office Building
425 5th Avenue North, 4th Floor
Nashville, TN 37243

Re: Approximately \$34,895,000 Sumner County, Tennessee, General Obligation Refunding Bonds

Dear Ms. Knotts:

In my capacity as Director of Finance to Sumner County, Tennessee (the "County") and pursuant to the requirements of Section 9-21-903 of the Tennessee Code Annotated, I hereby request your report on the following plan of refunding.

The County plans to issue its General Obligation Refunding Bonds, in either a tax-exempt and a taxable series, or two series of tax-exempt bonds, in an aggregate principal amount of approximately \$34,895,000 (the "Series 2021 Bonds") (assuming an aggregate premium of approximately \$2,880,665 based on current market conditions). The authorizing bond resolution will provide a not to exceed amount of \$38,000,000. The proceeds of the Series 2021 Bonds will be used to (i) refund \$25,280,000 of the County's General Obligation Refunding Bonds, Series 2011 (the "Series 2011 Bonds"); (ii) refund \$12,300,000 of the County's General Obligation School and Public Improvement Bonds, Series 2013 (the "Series 2013 Bonds" and, together with the Series 2011 Bonds, the "Refunded Bonds"); and (iii) pay costs of issuance of the Series 2021 Bonds.

The Series 2011 Bonds may be redeemed on June 1, 2021, and any refunding of the Series 2011 Bonds will be issued on a tax-exempt, current refunding basis. The Series 2013 Bonds may not be redeemed until December 1, 2021. Any refunding of the Series 2013 Bonds prior to September 2021 must be issued on a taxable, advance refunding basis. Any refunding completed after September 1, 2021, may be issued on a tax-exempt, current refunding basis.

The aggregate refunding is anticipated to provide total cashflow savings of \$2,144,666.66 and total Net Present Value (NPV) savings of \$2,125,180.65 or 6.435% NPV savings as a percentage of the Series 2011 Refunded Bonds and 4.052% of the Series 2013 Refunded Bonds under current market conditions. The Series 2021 Bonds are subject to the County's Debt Management Policy (the "Policy") and comply in all respects with the Policy.

The anticipated Series 2021 Bonds will not be considered Balloon Indebtedness under Section 9-21-134 of the Tennessee Code Annotated because all debt service will be paid within three years following the issuance of the Bonds. The final maturity of the refunding bonds will not extend beyond the fiscal year of the final maturity of the Refunded Bonds, and the weighted average maturity of the Refunded Bonds will not be extended in any material respect.

The County's Series 2011 Bonds were issued to:

- (i) refund the County's General Obligation School Bonds, Series 2007, the proceeds of which were used to:
 - (A) refund the County's General Obligation Variable Rate School Capital Outlay Extension Notes, Series 2004A, General Obligation Variable Rate School Capital Outlay Notes, Series 2004B, General Obligation Variable Rate School Capital Outlay Extension Notes, Series 2005, and Variable Rate School Capital Outlay Extension Notes, Series 2006, the proceeds of which were used to fund capital improvements to County school facilities; and
 - (B) finance additional capital improvements to County school facilities.
- (ii) refund the Issuer's outstanding General Obligation School Bonds, Series 2007B, the proceeds of which were used to finance additional capital improvements to County school facilities.

The County's Series 2013 Bonds were issued to:

- (i) finance improvements and equipment of the County jail, County buildings and facilities; and
- (ii) finance additional capital improvements to County school facilities.

I have enclosed for your review supplemental information regarding the plan of refunding, including a computation of projected cost savings provided thereby, information with respect to the refunding candidates. Also enclosed are the State Reports on Debt Obligation for the Refunded Bonds, which State Reports contain the original terms, dated dates and other information for such bonds. For these purposes it has been assumed the Series 2021 Bonds will be sold in two series of tax-exempt refunding bonds: Series A bonds issued as soon as possible and Series B bonds as early as September 2021. If it is deemed in the County's best interest to sell the bonds this way, we are aware your report on refunding for the Series B bonds will be expired and will need to be extended. The resolution will allow for the issuance of either tax-exempt current refunding bonds or taxable advance refunding bonds, however, it is only anticipated that the issuance of taxable bonds will be utilized if market conditions are such that it is believed greater or equal savings can be achieved as compared to those presented here.

The County plans to sell the Series 2021 Bonds via negotiated sale, either by direct placement or by a public market underwriting. Notwithstanding the foregoing, the County intends to authorize the issuance of new money school bonds in 2021. If either series of refunding bonds are issued with the new money school bonds, all of such bonds will be issued by competitive public sale. We hereby request your approval to sell the Series 2021 Bonds via negotiated sale. We have been advised by our Municipal Advisor, Oakdale Municipal Advisors, that the proposed negotiated sale is feasible and that the proposed negotiated sale is in the best

interests of the County because of the flexibility it affords in a fluctuating market environment. Further, as demonstrated by the debt service schedules attached hereto, the County should be able to amortize the proposed indebtedness together with all other obligations then outstanding.

In connection with this request, I am enclosing the following exhibits:

- Exhibit A- Financial projections detailing the plan of refunding for the Series 2021 Bonds, which includes (i) estimated amortization schedules for the refunded bonds and the Series 2021 Bonds; (ii) detailed schedule of the costs of issuance for the Series 2021 Bonds; (iii) a listing of the sources and uses of funds for the Series 2021 Bonds; and (iv) a projection of savings generated by the refunding under current market conditions;
- Exhibit B-Link to audited financial statements of the County as of June 30, 2019;
- Exhibit C—Current Debt Management Policy of the County last revised March 18, 2013; and
- Exhibit D- CT Forms associated with the Refunded Bonds.

The County Commission is scheduled to consider this financing plan on March 22, 2021.

Thank you for your assistance with this matter, and please contact me at 615.451.6033 (phone) or dlawing@sumnercountyttn.gov (email). My mailing address is: 355 North Belvedere Drive, Room 302, Gallatin, Tennessee 37066. Oakdale Municipal Advisors, municipal advisor to the County, has provided advice on which the County has relied to prepare these plans. The contact information for Julianne Graham of Oakdale Municipal Advisors is listed below.

Sincerely,



David Lawing
Director of Finance

Copy: Julianne Graham,

Oakdale Municipal Advisors
Phone: 615.351.4409
julianne.graham@oakdale-ma.com
