



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE & LOCAL FINANCE
SUITE 1600 JAMES K. POLK BUILDING
NASHVILLE, TENNESSEE 37243-1402
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March 27, 2015

Honorable Board of Mayor and Aldermen
Mr. Russell Treadway, City Administrator
City of Sevierville
120 Church Street
Sevierville, TN 37864

Dear Mayor Atchley, Mr. Treadway, and Aldermen:

This letter and report including the plan of refunding (the "Plan") are to be published and placed on the City's website prior to the meeting of the Board adopting the refunding bond resolution. The same letter and report for the Plan is to be provided to each Alderman for review at the Public Meeting adopting the refunding bond resolution.

This letter acknowledges receipt on March 26, 2015, of the City's request to review the Plan for the issuance of a maximum \$17,750,000 General Obligation Refunding Bonds, Series 2015, (the "Refunding Bonds") to current refund an estimated \$16,880,000 Series VII-D-1 Loan Agreement with the Public Building Authority (the "PBA") of Sevier County (the "Refunded Loan Agreement"). The Loan Agreement was financed from the proceeds of the PBA's Local Government Improvement Bonds, Series VII-D-1, dated February 26, 2009.

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.

CITY'S PROPOSED REFUNDING OBJECTIVE

The City's stated objective is to restructure the existing debt.

PLAN OF REFUNDING

The City intends to issue approximately \$17,120,000 of Refunding Bonds by competitive sale priced at a par which will be used to current refund an estimated \$16,880,000 of the Refunded Loan Agreement.

BALLOON INDEBTEDNESS

The City determined the structure of the Refunding Bonds presented in the refunding plan is balloon indebtedness. The City submitted a separate request for approval of a plan of balloon indebtedness in conjunction with its request for the review of a refunding plan. Approval of the Director of the Office of State and Local Finance is required prior to the City adopting the resolution authorizing the issuance of balloon indebtedness.

The City's plan of balloon indebtedness was approved in a separate letter dated March 27, 2015.

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 this debt complies with its debt policy. If the City amends its policy, please submit the amended policy to this office.

FINANCIAL PROFESSIONALS

The City has reported Cumberland Securities Company, Inc. as its financial advisor. Financial 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. The Plan was prepared by the City with the assistance of its financial advisor.

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. MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities was approved by the Securities and Exchange Commission 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 OF THE REVIEW OF A PLAN OF REFUNDING

The enclosed report does not constitute approval or disapproval for the proposed 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. This letter and the enclosed report do not address the 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.

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

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 of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

REPORT ON DEBT OBLIGATION

We are enclosing State Form CT-0253, Report on Debt Obligation. 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 stateandlocalfinance.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 Form CT-0253 can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

Sincerely,



Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Ms. Lynn McClurg, City Recorder, City of Sevierville
Mr. Chris Bessler, Cumberland Securities Company, Inc.
Mr. Mark Mamantov, Bass Berry & Sims

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

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE
BY THE CITY OF SEVIERVILLE, TENNESSEE OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015**

The City of Sevierville (the “City”) submitted a plan of refunding (the “Plan”), as required by T.C.A. § 9-21-903 regarding an issuance of a maximum \$17,750,000 General Obligation Refunding Bonds, Series 2015, (the “Refunding Bonds”) to current refund an estimated \$16,880,000 Series VII-D-1 Loan Agreement with the Public Building Authority (the “PBA”) of Sevier County (the “Refunded Loan Agreement”). The Loan Agreement was financed from the proceeds of the PBA’s Local Government Improvement Bonds, Series VII-D-1, dated February 26, 2009.

The Plan was prepared with the assistance of the City’s municipal advisor, Cumberland Securities Company, Inc. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This letter and report provide 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 Refunding Bonds may be issued with a structure different to that of the Plan. The City provided a copy of its debt management policy.

BALLOON INDEBTEDNESS

The City determined the structure of the Refunding Bonds presented in the refunding plan is balloon indebtedness. The City submitted a separate request for approval of a plan of balloon indebtedness in conjunction with its request for the review of a refunding plan. Approval of the Director of the Office of State and Local Finance is required prior to the City adopting the resolution authorizing the issuance of balloon indebtedness.

The City’s plan of balloon indebtedness was approved in a separate letter dated March 27, 2015.

CITY’S PROPOSED REFUNDING OBJECTIVE

The City’s stated objective is to restructure the existing debt. “The debt is being refinanced from an interim mode (i.e. June 1, 2015 maturity) back into a long-term amortization which more closely aligns with the original amortization schedules of the issues refunded in 2009 and better matches up with cash flows available to pay debt service.”

REFUNDING ANALYSIS

- The results of the refunding are based on the assumption that \$17,120,000 Refunding Bonds will be sold by competitive sale and priced at par. Please see Table 3 for the structure of the Refunding Bonds and Table 1 for Sources and Uses information.
- Estimated cost of issuance of the Refunding Bonds is \$240,000 or \$14.02 per \$1,000 of the par amount. See Table 1 for individual costs of issuance.

The City has identified Cumberland Securities Company, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the 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 all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the City wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.



Sandra Thompson
Director of the Office of State and Local Finance
Date: March 27, 2015

Exhibit

Table 1
City of Sevierville
Sources and Uses of Funds
General Obligation Refunding Bonds, Series 2015

Sources:

Par Amount of Bonds	\$ 17,120,000.00
Total Sources	\$ 17,120,000.00

Uses:

Deposit to Refunding Fund	\$ 16,880,000.00
Underwriter's Discount	85,600.00
Cost of Issuance	154,400.00
Total Uses	\$ 17,120,000.00

Table 2
City of Sevierville
Costs of Issuance of Refunding Bonds
General Obligation Refunding Bonds, Series 2015

Series 2015A

	Amount	Price per \$1,000 bond
Underwriter *	\$ 85,600.00	\$ 5.00
Bond Counsel (Bass Berry & Sims)	37,655.00	2.20
Municipal Advisor (Cumberland Securities, Inc.)	85,600.00	5.00
Rating Agency Fee	17,500.00	1.02
Other Costs	13,645.00	0.80
Total Cost of Issuance	\$240,000.00	\$ 14.02

* Subject to competitive bid

Table 3
City of Sevierville
\$17,120,000 General Obligation Refunding Bonds, Series 2015A

Refunding Bonds				
YR	FY	Principal	Interest	Total
1	2016	\$ 75,000.00	\$ 439,727.19	\$ 514,727.19
2	2017	620,000.00	435,875.00	1,055,875.00
3	2018	625,000.00	430,295.00	1,055,295.00
4	2019	660,000.00	422,170.00	1,082,170.00
5	2020	665,000.00	412,600.00	1,077,600.00
6	2021	675,000.00	401,627.52	1,076,627.52
7	2022	710,000.00	389,140.00	1,099,140.00
8	2023	745,000.00	374,585.02	1,119,585.02
9	2024	785,000.00	358,195.02	1,143,195.02
10	2025	800,000.00	340,140.02	1,140,140.02
11	2026	1,820,000.00	320,540.00	2,140,540.00
12	2027	1,185,000.00	273,220.00	1,458,220.00
13	2028	1,245,000.00	241,225.00	1,486,225.00
14	2029	1,180,000.00	206,365.00	1,386,365.00
15	2030	1,250,000.00	171,850.02	1,421,850.02
16	2031	1,325,000.00	133,725.00	1,458,725.00
17	2032	1,145,000.00	91,987.52	1,236,987.52
18	2033	520,000.00	54,775.00	574,775.00
19	2034	535,000.00	37,615.00	572,615.00
20	2035	555,000.00	19,425.00	574,425.00
		\$ 17,120,000.00	\$ 5,555,082.31	\$ 22,675,082.31