October 18, 2021

Honorable Mr. Robbie Fox, Mayor
    and Honorable Board of Aldermen
City of Sevierville
120 Gary Wade Blvd.
Sevierville, TN 37862

Dear Mayor Fox and Board of Aldermen:

Thank you for your recent correspondence. We acknowledge receipt on October 13, 2021, of a request from the City of Sevierville (the “City”) for a report on a plan of refunding (the “Plan”) for the City’s proposed issuance of a maximum of $5,150,000 General Obligation Refunding Bonds, Series 2021.

Pursuant to the provisions of Tennessee Code Annotated Title 9, Chapter 21, enclosed is a report based upon our review of the City’s Plan. The Plan, this letter, and the enclosed report should be made available on the City’s website and must be presented to each member of the Board for review prior to the adoption of an authorizing resolution for the refunding bonds.

Requirements After Debt is Issued

Our website contains specific compliance requirements your local government will be responsible for once the bonds are issued: http://tnicot.cc/debt. The listing is not all inclusive and you should work with your financial advisor and bond counsel to ensure compliance with legal and regulatory requirements related to the proposed refunding.
If you should have questions or need assistance, please refer to our online resources on our website or feel free to contact your financial analyst, Lori Barnard, at 615-747-5347 or Lori.Barnard@cot.tn.gov.

Very truly yours,

Betsy Knotts  
Director of the Division of Local Government Finance

cc: Mr. Russell Treadway, City Administrator, City of Sevierville  
Ms. Lynn McClurg, Finance Director, City of Sevierville  
Mr. Chris Bessler, Cumberland Securities Inc.  
Mr. Mark Mamantov, Bass Berry & Sims  
Ms. Jean Suh, Manager, Contract Audit Review, Local Government Audit, COT

Enclosure: Director's Report on a Plan of Refunding

BK:lb
Director's Report on General Obligation Refunding Bonds, Series 2021
The City of Sevierville, Tennessee

This report is being issued pursuant to Tenn. Code Ann. § 9-21-903 and is based upon information as presented in a plan of refunding (the “Plan”) received by our office on October 13, 2021, from the City of Sevierville, Tennessee (the “City”). Our report provides information to assist the governing body in its responsibility to understand the nature of the refunding transaction, including the costs and benefits, prior to approving the issuance of the refunding bonds and is designed to provide consistent and comparable information for all local governments in Tennessee. This report does not constitute approval or disapproval of the Plan or a determination that a refunding is advantageous or necessary. This report and the City’s Plan must be presented to the governing body prior to the adoption of a resolution authorizing the refunding bonds.

COSTS:
Estimated costs of issuance are summarized below and based upon the principal amount of $5,110,000 of the Series 2021 Refunding Bonds:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Price per $1,000 Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Advisor</td>
<td>$25,550.00</td>
<td>$5.00</td>
</tr>
<tr>
<td>(Cumberland Securities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Counsel (Bass,</td>
<td>$15,000.00</td>
<td>$2.94</td>
</tr>
<tr>
<td>Berry &amp; Sims)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underwriting Fee</td>
<td>$40,255.00</td>
<td>$7.88</td>
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<tr>
<td>(estimated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating Agency</td>
<td>$15,000.00</td>
<td>$2.94</td>
</tr>
<tr>
<td>Miscellaneous Other</td>
<td>$14,195.00</td>
<td>$2.78</td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost of Issuance</strong></td>
<td><strong>$110,000.00</strong></td>
<td><strong>$21.53</strong></td>
</tr>
</tbody>
</table>

BENEFITS:
The City’s stated objective for the refunding is to achieve savings. The anticipated net present value savings are $457,703, achieved by reducing the average interest rate on the debt from 2.99% to an estimated 1.05% and shortening of the maturity of the outstanding debt by four years.
Balloon Indebtedness

The proposed structure of the Series 2021 Bonds is not balloon indebtedness as defined in Tenn. Code Ann. § 9-21-133. If the structure is revised, the City should determine if the new structure complies with state law balloon indebtedness. If it is determined that the revised bond structure constitutes balloon indebtedness, the City must submit a Plan of Balloon Indebtedness to our office for approval prior to the City adopting the resolution authorizing the issuance of the debt.

Effective Date for this Report

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 our office. We will then issue a report on the new plan for the City’s governing body to review prior to adopting a new authorizing resolution for the refunding bonds.

Betsy Knotts  
Director of the Division of Local Government Finance  
Date: October 18, 2021