



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

October 1, 2020

Honorable Jim Coppinger, Mayor  
and Honorable Board of Commissioners  
Hamilton County  
455 North Highland Park Ave  
Chattanooga, TN 37404

Dear Mayor Coppinger and Members of the Board:

This letter acknowledges receipt of updated refunding results, dated September 24, 2020, for the County's proposed issuance of its Series 2020B General Obligation Refunding Bonds. We originally reported on the County's refunding plan on August 28, 2020. The updated plan amends the sale process from negotiated to competitive bid. Amended estimated savings and costs of issuance are:

Refunding Par Amount:	\$ 24,175,000
Premium	\$ 4,717,645
Refunded Bonds Par Amount	\$ 28,280,000
Net Present Value Savings:	\$ 1,991,100
NPV Savings % of Refunding Bonds:	7.04%
Costs of Issuance	\$ 157,489

The County is changing the method of sale because of its recent success with a competitive bond sale. Thank you for your notification. No further action is needed from our office.

If you need further assistance, please contact your financial analyst, William Wood, at 615.401.7893 or [William.Wood@cot.tn.gov](mailto:William.Wood@cot.tn.gov).

Very truly yours,

A handwritten signature in blue ink, appearing to read "Betsy Knotts".

Betsy Knotts  
Director of the Division of Local Government Finance

cc: Mr. Bryan Burklin, Division of Local Government Audit  
Mr. Albert Kiser, Administrator of Finance, Hamilton County  
Mr. Lee Brouner, Assistant Administrator of Finance, Hamilton County  
Ms. Lauren Lowe, PFM Financial Advisors LLC  
Mr. Thomas Lauth, Kutak Rock LLP



JUSTIN P. WILSON  
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August 28, 2020

Honorable Jim Coppinger, Mayor  
and Honorable Board of Commissioners  
Hamilton County  
455 North Highland Park Avenue  
Chattanooga, TN 37404

Dear Mayor Coppinger and Members of the Board:

Thank you for your recent correspondence. We acknowledge receipt on August 25, 2020, of a request from Hamilton County (the "County") for a report on a plan of refunding (the "Plan") for the County's proposed issuance of an estimated \$28,739,000 General Obligation Refunding Bonds, Series 2020B.

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

#### **Private Negotiated Sale Approval**

The County requested approval to sell its refunding bonds through a negotiated sale. This letter constitutes approval for the County to negotiate the sale of the Series 2020B Refunding Bonds, conditioned upon the requirement that the bonds are sold with the same principal repayment schedule as presented in the plan or the principal repayment schedule is accelerated.

#### **Changes to our Office**

We are enclosing a memorandum about the newly created Division of Local Government Finance within the Comptroller's Office.

If you should have questions or need assistance, please feel free to contact your financial analyst, William Wood, at 615.401.7893 or [William.Wood@cot.tn.gov](mailto:William.Wood@cot.tn.gov).

Very truly yours,

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Betsy Knotts  
Director of the Division of Local Government Finance

cc: Mr. Bryan Burklin, Assistant Director, Division of Local Government Audit  
Mr. Al Kiser, Administrator of Finance, Hamilton County, TN  
Mr. Lee Brouner, Assistant Administrator of Finance, Hamilton County, TN  
Ms. Lauren Lowe, PFM Financial Advisors LLC.  
Mr. Thomas Lauth, Kutak Rock LLP

Enclosures: Report of the Director of the Division of Local Government Finance  
Comptroller's Memorandum Regarding New Division



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**Report of the Director of the Division of Local Government Finance  
Concerning the Proposed Issuance of  
General Obligation Refunding Bonds, Series 2020B  
Hamilton County, Tennessee**

This report is being issued pursuant to T.C.A. § 9-21-903 and is based upon information as presented in a plan of refunding (the “Plan”) received by our office on August 25, 2020, from Hamilton County (the “County”). Our report provides information to assist the governing body in its responsibility to understand the nature of the refunding transaction, including the costs, risks, 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 nor that any of the refunded obligations should be refinanced or remain outstanding until their respective dates of maturity. This report does not address compliance with federal tax regulations and is not to be relied upon for that purpose. The County should discuss these issues with bond counsel. This report and the County’s Plan must be presented to the governing body prior to the adoption of a refunding bond resolution.

**Refunding Analysis**

At the request of the County Mayor, our office has reviewed the County’s Plan, as required by TCA § 9-21-903, and provides the following analysis based upon the assumptions outlined in the Plan.

The County intends to issue by negotiated sale approximately \$28,739,000 General Obligation Refunding Bonds, Series 2020B, (the “Series 2020B Refunding Bonds”) priced at par to current refund:

- \$28,280,000 General Obligation Bonds, Series 2013A, dated April 10, 2013, maturing March 1, 2022 through March 1, 2028, and callable March 1, 2021.

These are collectively known hereinafter as the “Refunded Bonds.” The total principal amount being refunded is \$28,280,000.

- The County’s objective for the refunding is to achieve net present value debt service savings. The estimated net present value debt service savings is \$1,278,590 or 4.52% of the refunded principal amount of \$28,280,000.
- The final maturity of the Series 2020B Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.

- Estimated costs of issuance are summarized below and are based upon the par amount of \$28,739,000 for the Series 2020B Refunding Bonds:

	<b>Amount</b>	<b>Price per \$1,000 Bond</b>
Bank Counsel	15,000	0.52
Financial Advisor (PFM Financial Advisors)	28,739	1.00
Verification Agent	2,000	0.07
Bond Counsel (Kutak Rock)	50,000	1.74
Miscellaneous	<u>6,050</u>	<u>0.21</u>
Total Cost of Issuance	\$ 101,789	\$ 3.54

### **Financial Professionals**

The Plan was prepared with the assistance of the County’s financial advisors, PFM Financial Advisors LLC. Financial advisors have a fiduciary responsibility to the County. Underwriters have no fiduciary responsibility to the County. They represent the interests of their firm and are not required to act in the County’s best interest without regard to their own or other interests.

The Municipal Securities Rulemaking Board (MSRB) establishes rules and notices that municipal advisors and underwriters must follow when engaging in municipal securities transactions and advising investors and local governments. To learn more about the obligations of the County’s underwriter and municipal advisor, please read the information posted on the MSRB website: [www.msrb.org](http://www.msrb.org).

### **Plan Assumptions**

The assumptions of the Plan are the assertions of the County. An evaluation of the preparation, support and underlying assumptions of the Plan has not been performed by our office. This report provides no assurances of the reasonableness of the underlying assumptions. The assumptions included in the County’s Plan may not reflect either current market conditions or market conditions at the time of sale.

### **Debt Management Policy**

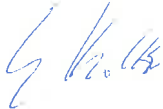
The County has adopted a debt management policy and has indicated in its Plan that the proposed refunding transaction complies with the County’s policy.

### **Requirements After the Refunding Bonds Have Been Issued**

We have included a listing of certain compliance requirements your local government will be responsible for once the bonds are issued. The listing is not all inclusive and you should work with your municipal advisor and bond counsel to ensure compliance with legal and regulatory requirements related to the proposed refunding.

**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 County Commission to review prior to adopting a new refunding bond authorizing resolution.



Betsy Knotts  
Director of the Division of Local Government Finance  
Date: August 28, 2020

Enclosure: Requirements After Debt is Issued



JUSTIN P. WILSON  
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## **Requirements After Debt is Issued**

- **Annual Budget Approval**

Your local government will be subject to an annual budget approval process for the life of the outstanding debt as required by TCA § 9-21-403. Please refer to our online guidance at: [tncot.cc/budget](http://tncot.cc/budget).

- **Bonds not Refunded**

If all the bonds are not refunded as a part of the proposed refunding transaction and the County wishes to refund them in a subsequent bond issue, then a new plan must be submitted to our office for review.

- **Debt Management Policy**

Your local government should regularly review and, if necessary, amend its debt management policy. Please submit any amended policy to our office immediately upon adoption. Guidance concerning debt management policies is available at: [tncot.cc/debt-policy](http://tncot.cc/debt-policy).

- **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 it is determined prior to the issuance of the debt, that the actual results will differ significantly from the information provided in the submitted Plan and the County decides to proceed with the issue, the County Commission and our office should be notified after the sale by the local government's Chief Executive Officer or the Chief Financial Officer regarding these differences. The Chief Executive Officer must state that they were aware of the differences and determined to proceed with the issuance of the debt. 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.

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

- **Report on Debt Obligation (State Form CT – 0253)**  
Pursuant to T.C.A. § 9-21-151(6)(c), a Report on Debt Obligation (the “Report”) shall be completed and filed with the governing body of the local government no later than forty-five (45) days after the issuance of the debt, with a copy (including attachments, if any) filed with the Division of Local Government Finance. The Report and instructions may be accessed at: [tncot.cc/debt-report](http://tncot.cc/debt-report). No public entity may enter into additional debt if it has failed to file the Report.
- **Rule 15c2-12 of the Securities Exchange Act**  
Local governments that have issued municipal securities on or after February 27, 2019, are required to report certain information related to the issuance of financial obligations. Information on the reporting requirements is available on the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access EMMA® website: [emma.msrb.org](http://emma.msrb.org).