OFFICE OF CITY MANAGER

March 04, 2014

Ms. Sandi Thompson
Director of Office of State and Local Finance
Suite 1600, James K. Polk Building
505 Deaderick Street
Nashville, TN. 37243-1402

Re: City of Gatlinburg, Tennessee

Dear Ms. Thompson:

The City of Gatlinburg, Tennessee, (the "City") is pleased to enclose for your consideration a report entitled "Plan of Refunding". This report is being delivered to you to comply with Title 9, Chapter 21, Tennessee Code Annotated.

Entity Information:

(A) City of Gatlinburg, Tennessee
Cindy Ogle, City Manager (865) 436-1400
P.O. Box 5
Gatlinburg, TN 37738
E-Mail address: **cogle@ci.gatlinburg.tn.us**

Robert Holt, Finance Director (865) 436-1403
E-Mail address: **roberth@gatlinburgtn.gov**

(B) Contacts for additional information:
Financial Advisor:
Cumberland Securities Company, Inc.

Joseph K. Ayres	865-988-2663	joe.ayres@cumberlandsecurities.com
Scott Gibson	865-988-2663	scott.gibson@cumberlandsecurities.com
Chris Bessler	865-368-7777	chris.bessler@cumberlandsecurities.com

Bond Counsel:
Bass, Berry & Sims, (865-521-0365)
Mark Mamantov mmamantov@bassberry.com

Timing Information:

(A) March 18, 2014 regularly scheduled City Commission meeting

Specific Request for:

(A) The City hereby requests a Report from the Office of State and Local Finance on the enclosed Plan of Refunding pursuant to Title 9, Chapter 21 Tennessee Code Annotated.

The City is proposing to refinance all or a portion of the following outstanding obligations: (1) General Obligation Refunding Bonds, Series 2004, dated December 29, 2004 (the "Series 2004 Bonds" or the "Outstanding Bonds").

The enclosed Plan of Refunding outlines the projected structure based upon current market conditions. To maximize flexibility the City's bond resolution will be drafted to authorize the refunding of all or any portion of the above referenced debt. Therefore, the final structure and sizing could vary from the enclosed request based on the final structure of the proposed Bonds.

The City Commission is scheduled to meet on Tuesday, March 18, 2014 to discuss the Plan of Refunding and other documents related to this refinancing plan.

In that regard, we appreciate you delivering your report to the City on or before March 18, 2014, which is a regular scheduled Commission meeting. If the Report on the Plan of Refunding is submitted before March 12, 2014, then we can include your report in the Commissioner's agenda packets.

If you have any questions or need any additional information with respect to this financing, please do not hesitate to contact me or our Financial Advisors, Mr. Scott Gibson or Mr. Chris Bessler at Cumberland Securities Company, Inc. (865-368-7777) at your earliest convenience.

Very truly yours,

Cindy C. Ogle

Cindy C. Ogle
City Manager

cc: Mr. Robert Holt
Mr. Mark Mamantov
Mr. Joseph K. Ayres
Mr. Scott P. Gibson

Enclosure

Plan of Refunding – Gatlinburg, Tennessee (the "City")

A) **Identification of Key Professionals (including financial advisors, bond counsel, underwriters, or lenders) who have provided advice or proposals on which the Entity relied to prepare the Plan):**

1. Financial Advisor: Cumberland Securities Company, Inc.
2. Bond Counsel: Bass, Berry & Sims
3. Underwriter: To be determined at Competitive Public Sale

B) **Purpose(s) of Refunding, including parameters:**

1. **Cost Savings: include a projection of the savings and amortization schedules for both refunding and refunded debt:**
    a. The City of Gatlinburg, TN (the "City") anticipates net present savings of $596,875.91 or 6.928%. See page 1 of the "Preliminary Refunding Analysis" attached to this report.
2. **Restructuring: provide a comparison of existing and proposed structures, describing why debt is being restructured:**
    a. N/A
3. **Covenant change: Clearly describe covenant to be eliminated or revised and any change in the structure:**
    a. N/A
4. **Reduction or elimination of risk: describe risk to be reduced or eliminated:**
    a. N/A

C) **Statement that the proposed refunding complies with the Entity's adopted debt management policy and a description of how the transaction is consistent with the policy, including any savings threshold. If there is no adopted policy or the transaction is not consistent, the Entity shall provide a detailed explanation.**

1. The proposed refunding is in compliance with the City's adopted debt management policy since the proposed fixed rate bond issuance is designed to achieve savings for the City and also meets the 3% savings threshold for an advanced refunding.

D) Other Information

1. **Amortization schedules for both (proposed) refunding and (outstanding) debt to be refunded,**
    a. Proposed refunding debt schedule: See attached page 1 of the Preliminary Refunding Analysis
    b. Outstanding debt schedule(s): See attached page 5 of the Preliminary Refunding Analysis

    As well as the following:

2. **Refunding Debt:**
    a. **Maximum size to be authorized by the governing body, identifying all outstanding debt that could be included in the refunding:**
        i. Maximum size authorized by governing body = <u>$8,800,000</u>.
    b. **Anticipated Size** = <u>$8,745,000</u>

c. **Anticipated final maturity and weighted average maturity. If the final maturity is extended beyond the fiscal year of final maturity of debt to be refunded or the weighted average maturity is increased, list the projects as required below for refunded debt:**
   i. **Final Maturity** = 5/1/2020
   ii. **Weighted Average Maturity** = 3.535 Years
d. **Breakdown of Costs of Issuance**
   See attached page 4 of the Preliminary Refunding Analysis
e. **Sources and Uses of Funds**
   See attached page 3 of the Preliminary Refunding Analysis

3. **Refunded Debt: Information must be provided with respect to *each debt issue to be refunded*; (if all currently outstanding debt will not be refunded, identify maturities that are candidates for refunding).**
   a. **Name of issue, type of debt, original terms, including whether the debt is federally tax-exempt or taxable.**
      i. General Obligation Refunding Bonds, Series 2004 (the "Series 2004 Bonds"). The Series 2004 Bonds are tax-exempt, fixed-rate debt, with a maturity on May 1, 2020.
   b. **Date of issue and copy of CT-0253 filed.**
      i. Date of Issue = 12/29/2004. The CT-0253 Form was filed with the Office of State and Local Finance in connection with the issuance of the Series 2004 Bonds and is attached hereto.
   c. **Date of authorization by the governing body.**
      i. 10/19/2004
   d. **Whether bank-qualified or under other small issuer exception.**
      i. Yes.
   e. **Projects funded with proceeds of issue and remaining average life of projects (if final maturity or weighted average maturity of debt is extended).**
      i. The purpose of the Series 2004 Bonds was to provide funds to: (i) refund the City's General Obligation Bonds, Series 1998 (*which were used for (i) the purchase of land for and construction of a public parking facility in and for the City on the property known as the Greystone Hotel property; (ii) the purchase of land for and the construction of public areas surrounding the Aquarium to be built on a portion of the Greystone Hotel property; (iii) the construction and equipping of a visitor's information center within the Aquarium; (iv) the construction of improvements to roads, streets and highways within the City, including the widening of the Parkway; (v) the construction of Riverwalk-Phase II; (vi) the construction of a public parking facility at the site of the Parkway Welcome Center, and (vii) the payment of engineering and architectural costs associated with the foregoing*) ; and (ii) to pay legal, fiscal, and administrative costs incident to the issuance and sale of the Bonds.
   f. **Derivative product, if any, and copy of Report of Compliance:** None

CITY OF GATLINBURG, TENNESSEE

Preliminary
Refunding
Analysis

March 4, 2014

Prepared By:

CUMBERLAND SECURITIES COMPANY, INC
Independent Financial Advisors
813 S. Northshore Drive, Suite 201A
Knoxville, Tennessee 37919
Telephone: (865) 988-2663
Facsimile: (865) 988-1863

City of Gatlinburg, Tennessee

Preliminary Refunding Analysis

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####

$8,745,000

City of Gatlinburg, Tennessee

General Obligation Refunding Bonds, Series 2014

Estimated Savings Analysis

Date	Principal	Est Coupon*	Interest	Total P+I	Refunded D/S	Est. Savings
05/01/2014	-	-	-	-	-	-
05/01/2015	1,425,000.00	0.600%	115,557.60	1,540,557.60	1,646,865.00	106,307.40
05/01/2016	1,430,000.00	0.750%	106,687.50	1,536,687.50	1,639,050.00	102,362.50
05/01/2017	1,445,000.00	1.250%	95,962.50	1,540,962.50	1,643,425.00	102,462.50
05/01/2018	1,460,000.00	1.500%	77,900.00	1,537,900.00	1,644,332.50	106,432.50
05/01/2019	1,480,000.00	1.750%	56,000.00	1,536,000.00	1,640,932.50	104,932.50
05/01/2020	1,505,000.00	2.000%	30,100.00	1,535,100.00	1,639,575.00	104,475.00
Total	$8,745,000.00	-	$482,207.60	$9,227,207.60	$9,854,180.00	$626,972.40

Present Value Assumptions

Net Present Value Benefit	$596,875.91
Net PV Benefit / $8,615,000 Refunded Principal	6.928%

Date And Term Structure

Dated	4/30/2014
First Coupon Date	11/01/2014
Frequency of Interest Payments	2 Per Year
First Serial Maturity Date	5/01/2015

Yield Statistics

Bond Yield for Arbitrage Purposes	1.5549717%
Average Coupon	1.5598210%
Average Life	3.535 Years
Bond Year Dollars	$30,914.29

$8,745,000

City of Gatlinburg, Tennessee

General Obligation Refunding Bonds, Series 2014

Estimated Debt Service

Date	Principal	Est. Coupon	Interest	Total P+I	Fiscal Total
04/30/2014	-	-	-	-	-
11/01/2014	-	-	57,938.85	57,938.85	-
05/01/2015	1,425,000.00	0.600%	57,618.75	1,482,618.75	-
06/30/2015	-	-	-	-	1,540,557.60
11/01/2015	-	-	53,343.75	53,343.75	-
05/01/2016	1,430,000.00	0.750%	53,343.75	1,483,343.75	-
06/30/2016	-	-	-	-	1,536,687.50
11/01/2016	-	-	47,981.25	47,981.25	-
05/01/2017	1,445,000.00	1.250%	47,981.25	1,492,981.25	-
06/30/2017	-	-	-	-	1,540,962.50
11/01/2017	-	-	38,950.00	38,950.00	-
05/01/2018	1,460,000.00	1.500%	38,950.00	1,498,950.00	-
06/30/2018	-	-	-	-	1,537,900.00
11/01/2018	-	-	28,000.00	28,000.00	-
05/01/2019	1,480,000.00	1.750%	28,000.00	1,508,000.00	-
06/30/2019	-	-	-	-	1,536,000.00
11/01/2019	-	-	15,050.00	15,050.00	-
05/01/2020	1,505,000.00	2.000%	15,050.00	1,520,050.00	-
06/30/2020	-	-	-	-	1,535,100.00
Total	$8,745,000.00	-	$482,207.60	$9,227,207.60	-

Date And Term Structure

Dated	4/30/2014
First Coupon Date	11/01/2014
Frequency of Interest Payments	2 Per Year
First Serial Maturity Date	5/01/2015

Yield Statistics

Average Coupon	1.5598210%
Average Life	3.535 Years
Weighted Average Maturity	3.535 Years
True Interest Cost (TIC)	1.7018587%
Bond Yield for Arbitrage Purposes	1.5549717%
Bond Year Dollars	$30,914.29

$8,745,000

City of Gatlinburg, Tennessee

General Obligation Refunding Bonds, Series 2014

Estimated Sources & Uses

Dated 04/30/2014 | Delivered 04/30/2014

Estimated Sources Of Funds	
Par Amount of Bonds	$8,745,000.00
Estimated Total Sources	**$8,745,000.00**
Estimated Uses Of Funds	
Estimated Total Underwriter's Discount (Final Discount determined when bids are calculated*)	43,725.00
Estimated Costs of Issuance - Budget Amounts	86,275.00
Estimated Deposit to Current Refunding Fund	8,615,000.00
Estimated Total Uses	**$8,745,000.00**

TIC - True Interest Cost

True Interest Cost is a method of computing the interest expense to the issuer of bonds, true interest cost is defined as the rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. Purchase price is affected by the amount of underwriter's discount the buyer utilizes.

$8,745,000

City of Gatlinburg, Tennessee

General Obligation Refunding Bonds, Series 2014

Estimated Detail Costs Of Issuance

Dated 04/30/2014 | Delivered 04/30/2014

ESTIMATED COSTS OF ISSUANCE DETAIL

Financial Advisor	$43,725.00
Bond Counsel	$16,500.00
Local Counsel	$1,000.00
Trustee & Counsel Fees	$750.00
Rating Agency Fee	$13,000.00
POS/Official Statement	$5,000.00
Advertising	$1,400.00
Miscellaneous	$4,900.00
ESTIMATED TOTAL	**$86,275.00**

$9,980,000

City of Gatlinburg, Tennessee

General Obligation Refunding Bonds, Series 2004

Debt Service To Maturity And To Call

Date	Refunded Bonds	D/S To Call	Principal	Coupon	Interest	Refunded D/S
04/30/2014	-	-	-	-	-	-
05/01/2014	8,615,000.00	8,615,000.00	-	3.550%	-	-
11/01/2014	-	-	-	-	168,432.50	168,432.50
05/01/2015	-	-	1,310,000.00	3.650%	168,432.50	1,478,432.50
11/01/2015	-	-	-	-	144,525.00	144,525.00
05/01/2016	-	-	1,350,000.00	3.750%	144,525.00	1,494,525.00
11/01/2016	-	-	-	-	119,212.50	119,212.50
05/01/2017	-	-	1,405,000.00	3.850%	119,212.50	1,524,212.50
11/01/2017	-	-	-	-	92,166.25	92,166.25
05/01/2018	-	-	1,460,000.00	4.000%	92,166.25	1,552,166.25
11/01/2018	-	-	-	-	62,966.25	62,966.25
05/01/2019	-	-	1,515,000.00	4.050%	62,966.25	1,577,966.25
11/01/2019	-	-	-	-	32,287.50	32,287.50
05/01/2020	-	-	1,575,000.00	4.100%	32,287.50	1,607,287.50
Total	$8,615,000.00	$8,615,000.00	$8,615,000.00	-	$1,239,180.00	$9,854,180.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	4/30/2014
Average Life	3.612 Years
Average Coupon	3.9827176%
Weighted Average Maturity (Par Basis)	3.612 Years

Refunding Bond Information

Refunding Dated Date	4/30/2014
Refunding Delivery Date	4/30/2014

STATE FORM NO. CT-0253

Issuer's No. _____
(To be filled out by State)

REPORT ON DEBT OBLIGATION
(Pursuant to Chapter 402, Public Acts of 1989)

1. Issuer:

Name: City of Gatlinburg

Address: Attn: Mayor
1230 Parkway East
Gatlinburg, Tennessee 37738

2. Debt Obligation:
- [X] a.Bond
- [ ] b.CON
- [ ] c.BAN
- [ ] d.GAN
- [ ] e.Lease/Lease Purchase
- [ ] f.Loan Agreement

3. Security for Debt Obligation:
- [X] a. General Obligation
- [ ] b. General Obligation Revenue and Tax
- [ ] c. Revenue
- [ ] d. Annual Appropriations

4. Purpose of Issue — **Percent of Issue:**
- [ ] a. General Government
- [ ] b. Education
- [ ] c. Highways and Streets
- [ ] d. Public Safety
- [ ] e. Solid Waste Disposal
- [ ] f. Industrial Park
- [ ] g. Manufacturing Facilities
- [ ] h. Health Facilities
- [ ] i. Airports
- [ ] j. Utilities
  - [ ] i. Water
  - [ ] ii. Sewer
  - [ ] iii. Electric
  - [ ] iv. Gas
- [X] k. Refunding or Renewal — 100%
- [ ] l. Other _____ (specify)

5. Face Amount of Debt Obligation: $9,980,000

6. Type of Sale:
- [ ] a. Competitive Public Sale
- [X] b. Negotiated
- [ ] c. Loan Program _____ (specify)

7. Tax Status
a. ___X___ Tax Exempt b. _____ Taxable

8. Dated Date: December 29, 2004

9. Issue Date (Closing Date): December 29, 2004

10. Rating:
a. Moody's ___"Aaa"___(Ambac)
b. Standard & Poor's _____
c. Unrated _____

11. Interest Cost: 4.0345581%
- [X] a. TIC
- [ ] b. NIC
- [ ] c. Variable
- [ ] d. Other

12. Recurring Costs:
a.Remarketing Agent Fees $_____
b.Liquidity Fees $_____
c.Credit Enhancement Fees $_____

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LOCAL FINANCE

SEE REVERSE SIDE

13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate
2014	$800,000	3.55%
2015	1,310,000	3.65%
2016	1,350,000	3.75%
2017	1,405,000	3.85%
2018	1,460,000	4.00%
2019	1,515,000	4.05%
2020	1,575,000	4.10%

Year	Amount	Interest Rate
	Term Bonds	
2007	$190,000	2.30%
2010	180,000	3.05%
2013	195,000	3.50%

If additional space is needed, attach additional sheet.

14. Itemized Description of the Cost of Issuance

		Name of Firm
a. Financial Advisor Fees*		
b. Legal Fees		
i. Bond Counsel	$12,500	Bass, Berry & Sims PLC
ii. Issuer's Counsel		
iii. Trustee's Counsel		
iv. Verification Fee	$2,500	Souther & Snyder, PC
c. Paying Agent Fees and Registration Fees	$1,000	Regions Bank
d. Trustee Fees		
e. Remarketing Agent Fees		
f. Liquidity Fees		
g. Rating Agency Fees	$7,000	Moody's Investors Service
h. Credit Enhancement Fees	$54,131	Ambac Assurance Corporation
i. Underwriter's Discount(%)	$99,800	Morgan Keegan & Company, Inc.
i. Take Down		
ii. Management Fee		
iii. Risk Premium		
iv. Underwriter's Counsel		
v. Other Expenses		
j. Printing and Advertising Fees	$5,000	Mountain Press, Print Shop, CUSIP
k. Issuer Fees		
l. Real Estate Fees		
m. Other Costs	$2,126	structuring, postage, Fed Ex, document producion, travel, etc.
n. Total Costs	$184,057	

* If other costs are included, please itemize.

Note: Please enclose a copy of the DISCLOSURE DOCUMENT or OFFICIAL STATEMENT if one was developed.

15. Terry Hayes
Authorized Representative

Mayor
Title

December 29, 2004
Date

/s/ Joseph K. Ayres
Preparer

Managing Director
Title

Morgan Keegan & Company, Inc.
Firm

December 29, 2004
Date

SEND TO: Comptroller of the Treasury, Director-Division of Local Finance, Suite 1700, 505 Deaderick Street, James K. Polk State Office Building, Nashville, Tennessee 37243-0274

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

March 11, 2014

Honorable Jerry Hays, Mayor
City of Gatlinburg
P.O. Box 5
Gatlinburg, TN 37738

Dear Mayor Hays:

This letter acknowledges receipt on March 10, 2014, of a request to review a plan of refunding (the "Plan") for the issuance of a maximum $8,800,000 General Obligation Refunding Bonds, Series 2014 (the "Refunding Bonds") to advance refund an estimated $8,615,000 General Obligation Refunding Bonds, Series 2004 (the "Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated, Title 9 Chapter 21, a plan must be submitted to our Office for review prior to the adoption of a resolution by the governing body. 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.

FINANCIAL PROFESSIONALS

The City has reported Cumberland Securities Company, Inc. as its municipal advisor. Municipal 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 municipal advisor.

CITY'S PROPOSED REFUNDING OBJECTIVE

The City indicated the purpose of the refunding is present value debt service savings.

COMPLIANCE WITH THE CITY'S DEBT MANAGEMENT POLICY

The City provided a copy of its debt management policy, and within forty-five days of issuance of the debt reviewed in this letter, is required to submit a Report on Debt Obligation that indicates that this

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

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be posted on the City's website. The same report is to be provided to each member of the governing body and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

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 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.

PUBLIC DEBT ENTITY REPORT

We are enclosing the Report on Debt Obligation. 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

Sincerely,

Sandra Thompson

Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Joe Ayres, Cumberland Securities Company, Inc.
Mr. Scott Gibson, Cumberland Securities Company, Inc.
Mr. Mark Mamantov, Bass Berry & Sims

Enclosures (2): 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
CITY OF GATLINBURG, TENNESSEE
CONCERNING THE PROPOSED ISSUANCE OF ITS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014

The City of Gatlinburg (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903, regarding the issuance of a maximum $8,800,000 General Obligation Refunding Bonds, Series 2014 (the "Refunding Bonds") to advance refund an estimated $8,615,000 General Obligation Refunding Bonds, Series 2004 (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, Cumberland Securities Company, Inc. 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. The actual Refunding Bonds may be structured differently than proposed in the Plan being sold at a premium, at a discount or with a different principal repayment schedule. The City provided a copy of its debt management policy.

Refunding Analysis

The City indicated the purpose of the refunding is present value debt service savings.

- The City plans to issue $8,745,000 Refunding Bonds by competitive sale and priced at par.
- The estimated net present value savings for the refunding is $596,876 or 6.93% of the refunded principal.
- The savings are generated by reducing the average coupon of the Refunded Bonds from 3.98% to an average coupon of 1.56% for the Refunding Bonds.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance is $130,000 or $14.87 per $1,000 of par amount of the Refunding Bonds. See Table 1 for individual costs of issuance.

Table 1

Costs of Issuance of the Refunding Bonds

	Amount	Price per $1,000 bond
Underwriter's Discount (Competitive Sale)	$ 43,725.00	$ 5.00
Municipal Advisor (Cumberland Securities Company Inc.)	43,725.00	5.00
Bond Counsel (Bass Berry & Sims)	16,500.00	1.89
Other Costs	26,050.00	2.98
Total Cost of Issuance	$ 130,000.00	$ 14.87

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 of 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 11, 2014