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

December 16, 2016

Honorable Dwayne Cole, Mayor
and Honorable Board of Aldermen
City of Munford
1397 Munford Avenue
Munford, TN 38058

Dear Mayor Cole and Members of the Board:

This letter and report, and the plan of refunding (the "Plan"), are to be posted on the website of the City of Munford (the "City"). Please provide a copy of this report to each member of the Governing Body and present it at the next scheduled board meeting.

This letter acknowledges receipt on December 15, 2016, of the City's request to review its Plan to enter into an estimated $1,252,470 Public Building Authority Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee (the "Refunding Loan Agreement") to current refund $1,245,000 outstanding under the terms of its variable rate loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (the "PBA"), dated May 12, 2016 (the "Refunded Loan Agreement"). The maturities being considered for refunding are from May 25, 2017, through May 25, 2036.

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 indicated the purpose of the refunding is to reduce interest rate risk associated with the Refunded Loan Agreement. The twenty-year Refunding Loan Agreement will bear interest at a 3.04% interest rate for the first seven years. Please note that the purchaser of this debt has the option at periodic intervals, with not less than 180 days' notice to put the bond to the PBA, or to reset the interest rate for another seven year period, as described in the loan agreement. As a result, the interest rate is variable because it may be reset every seven years.

Balloon Indebtedness

The City determined that this indebtedness is balloon indebtedness pursuant to T.C.A. § 9-21-134(d). The City stated that it intends to meet the requirements for the State Funding Board's Blanket Exemption for Approval adopted at its December 16, 2014, meeting (the "Blanket Exemption"). The language in Section 1.(c) of the draft Resolution to authorize the loan agreement appears to meet the requirements of item 5 of the Blanket Exemption.

Compliance with the City's Debt Management Policy

The City provided a copy of its debt management policy, and within forty-five days (45) 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 not reported a 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 City prepared the Plan with the assistance of the Tennessee Municipal Bond Fund.

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. Either the Chief Executive Officer or the Chief Financial Officer of the local government must submit such statement. 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.

Municipal Securities Rulemaking Board Notice 2011-52 on "Bank Loans" and Voluntary Disclosure

The Municipal Securities Rulemaking Board (MSRB) released regulatory notices: MSRB Notice 2011-52, providing guidance on the use of "bank loans" that could be a private placement of municipal securities subject to specific regulatory requirements including disclosure; and MSRB Notice 2012-18, encouraging the voluntary disclosure of bank loan financings through the MSRB's Electronic Municipal Market Access (EMMA®) website (emma.msrb.org). For more information see the preceding notices on the MSRB's website (msrb.org). To learn how to submit disclosure see the link at the bottom of the EMMA website labeled Submit Documents or the Education Center of the MSRB's website.

Report On Debt Obligation

We are enclosing a Report on Debt Obligation, Form CT-0253. 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.

If you should have any questions regarding this letter or the following report, please feel free to call us.

Sincerely,

Sandra Thompson

Sandra Thompson
Director of the Office of State & Local Finance

cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Ms. Linda Mooningham, Tennessee Municipal Bond Fund

Enclosures: Report of the Director of the Office of State & Local Finance
Report on Debt Obligation, Form CT-0253

REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE CONCERNING THE PROPOSED ISSUANCE OF A PUBLIC BUILDING AUTHORITY REFUNDING LOAN AGREEMENT BY THE CITY OF MUNFORD, TENNESSEE

The City of Munford (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-1003 regarding the entrance into an estimated $1,252,470 Public Building Authority Loan Agreement with the Public Building Authority of the City of Clarksville, Tennessee (the "Refunding Loan Agreement") to current refund $1,245,000 outstanding under the terms of its variable rate loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (the "PBA"), dated May 12, 2016 (the "Refunded Loan Agreement"). The maturities being considered for refunding are from May 25, 2017, through May 25, 2036.

The Plan was prepared with the assistance of the Tennessee Municipal Bond Fund. This Office has not performed an evaluation of the preparation, support, and underlying assumptions of the Plan, therefore this report provides no assurances of the reasonableness of those 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 from that of the Plan. The City provided a copy of its debt management policy.

Balloon Indebtedness

The City determined that this indebtedness is balloon indebtedness pursuant to T.C.A. § 9-21-134(d). The City stated that it intends to meet the requirements for the State Funding Board's Blanket Exemption for Approval adopted at its December 16, 2014, meeting (the "Blanket Exemption"). The language in Section 1.(c) of the draft Resolution to authorize the loan agreement appears to meet the requirements of item 5 of the Blanket Exemption.

City's Proposed Refunding Objective

The City indicated the purpose of the refunding is to reduce interest rate risk associated with the Refunded Loan Agreement. The twenty-year Refunding Loan Agreement will bear interest at a 3.04% interest rate for the first seven years. Please note that the purchaser of this debt has the option at periodic intervals, with not less than 180 days' notice to put the bond to the PBA, or to reset the interest rate for another seven year period, as described in the loan agreement. As a result, the interest rate is variable because it may be reset every seven years.

Refunding Analysis

- The results of the refunding are based on the assumption that an estimated $1,252,470 Refunding Loan Agreement will be entered into with the PBA and priced at par.
- The Refunding Bonds are expected to be sold at an interest rate that is variable. The rate will be fixed at an initial rate of 3.04% for the first seven years, with an option for the PBA to reset the interest rate every seven years.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance of the Refunding Bonds is $7,470, or $5.96 per $1,000 of par amount. See Table 1 for individual costs of issuance.

Table 1
Costs of Issuance of the Refunding Bonds

	Amount	Price per $1,000 bond
Bond and Tax Counsel	$ 1,252.00	$ 1.00
PBA Counsel	1,000.00	0.80
Tennessee Municipal Bond Fund	5,218.00	4.16
Total Cost of Issuance	$ 7,470.00	$ 5.96

The City has not reported a 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 City prepared the Plan with the assistance of the Tennessee Municipal Bond Fund.

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 not all of the Refunded Bonds are 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

Sandra Thompson
Director of the Office of State and Local Finance
Date: December 16, 2016