STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
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March 24, 2014

Honorable Kim McMillian, Mayor
City of Clarksville
City Hall
One Public Square
Clarksville, TN 37040

Dear Mayor McMillian:

This letter acknowledges receipt on March 19, 2014, of a request to review a plan of refunding (the "Plan") for the issuance of a maximum $2,715,000 for the refunding portion of the proposed $11,000,000 General Obligation Improvement and Refunding Bonds, Series 2014 (the "Refunding Bonds") to current refund an estimated $2,555,000 General Improvement Revenue and Tax Bonds, Series 2002 (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 Public Financial Management, 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 debt 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 <u>significantly</u> 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 statcandlocalfinancc.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. Laurie Matta, Chief Financial Officer, City of Clarksville
Mr. Joshua McCoy, Public financial management, Inc.
Mr. Jeffery A. Oldham, 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 CLARKSVILLE, TENNESSEE CONCERNING THE PROPOSED ISSUANCE OF ITS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014

The City of Clarksville (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903, regarding the issuance of a maximum $2,715,000 for the refunding portion of the proposed $11,000,000 General Obligation Improvement and Refunding Bonds, Series 2014 (the "Refunding Bonds") to current refund an estimated $2,555,000 General Improvement Revenue and Tax Bonds, Series 2002 (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, Public Financial Management, Inc. The information presented in the Plan is the representations of the City and may not reflect either current market conditions or market conditions at the time of sale. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. 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.

This report must be presented to the governing body prior to the adoption of a refunding bond resolution.

Refunding Analysis

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

- The City plans to issue $2,440,000 Refunding Bonds by competitive sale priced at a premium of $217,431.
- The estimated net present value savings for the refunding is $316,788 or 12.40% of the refunded principal of $2,555,000.
- The savings are generated by reducing the average coupon of the Refunded Bonds from 4.75% to an average coupon of 3.54% 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 $33,605 or $13.77 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)	$ 13,420.00	$ 5.50
Municipal Advisor (Public financial Management, Inc.)	5,204.98	2.13
Bond Counsel (Bass Berry & Sims)	5,078.05	2.08
Rating Agencies (Fitch and Moody's)	7,744.02	3.17
Other Costs	2,158.18	0.88
Total Cost of Issuance	$ 33,605.24	$ 13.77

The City has identified Public Financial Management 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

Sandra Thompson
Director of the Office of State and Local Finance
Date: March 24, 2014