



Jason E. Mumpower
Comptroller

February 28, 2022

Honorable Brent Bush, County Executive
and Honorable Board of Commissioners
Cannon County
107 William Bryant Dr.
Woodbury, TN 37190

Dear Mr. Bush and Board of Commissioners:

Thank you for your recent correspondence. We acknowledge receipt on February 18, 2022, of a request from Cannon County (the "County") for a report on a plan of refunding (the "Plan") for the County's proposed issuance of a maximum of \$2,911,000 School Refunding Bonds, Series 2022.

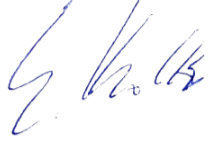
Pursuant to the provisions of Tennessee Code Annotated Title 9, Chapter 21, enclosed is a report based upon our review of the County's Plan. The Plan, this letter, and the enclosed report should be made available on the County's website and must be presented to each member of the Board for review prior 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://tncot.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, Meghan Huffstutter, at 615-747-5379 or Meghan.Huffstutter@cot.tn.gov.

Very truly yours,



Betsy Knotts
Director of the Division of Local Government Finance

cc: Ms. Linda Mooningham, Tennessee Municipal Bond Fund
Mr. Charles Bone, Spencer Fane Bone McAllester PLLC
Ms. Diane Hickman, Finance Director, Cannon County
Mr. Bryan Burklin, Assistant Director, Local Government Audit, COT

BK:mh



**Report on General Obligation School Refunding Bonds, Series 2022
Cannon County, 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 February 18, 2022 from Cannon County, Tennessee (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 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 County’s Plan must be presented to the governing body prior to the adoption of a resolution authorizing the refunding bonds.

COSTS:

Costs of Issuance

Estimated costs of issuance are summarized below and based upon the principal amount of \$2,911,000 for the Series 2022, School Refunding Bonds

	Amount	Price per \$1,000 Bond
Bond Counsel (Bone McAllester)	\$ 2,911	\$ 1.00
Tennessee Municipal Bond Fund	5,822	2.00
Total Cost of Issuance	\$ 8,733	\$ 3.00

*The total amount of principal to be refunded is \$3,554,000. The County will pay \$643,000 from its own funds to pay the principal due on 5/25/2022.

Tennessee Municipal Bond Fund (TMBF) Placement Process

TMBF requested rates on the bond issue from a network of banks TMBF works with across the State and presented the lowest rate obtained to the County for its consideration. The TMBF negotiated with the banks to include an additional 0.15% (also called 15 basis points) added to the interest rates submitted by the banks, which, if the County uses the TMBF Alternative Loan Program, will be paid to TMBF over the life of the loan. The cost is calculated annually on the outstanding amount of the debt and is paid by the bank to TMBF from periodic interest payments made by the County to the bank.

In addition to the above costs of issuance, the County will potentially incur the following [1]:

	Year	Amount
Potential Annual Fee Associated with TMBF Loan	2022	\$ 823
	2023	4,059
Fee is 15 basis points on the outstanding loan balance paid as part of the interest payment to the lending bank.	2024	3,073
	2025	2,069
	2026	1,044

[1] The Series 2022 School Refunding Bonds are estimated to have an interest rate of 1.98%, which includes an additional 0.15% (also called basis points), which will be paid to the TMBF over the life of the 2022 School Refunding Bonds by the bank purchasing the Bonds as described above.

BENEFITS:

The County's stated objective for the refunding is to reduce their variable rate risk by refunding the loan into a fixed rate refunding bond.

Balloon Indebtedness

The proposed structure of the Series 2022 Bonds is not balloon indebtedness as defined in Tenn. Code Ann. § 9-21-133. If the structure is revised, the County 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 County must submit a Plan of Balloon Indebtedness to our office for approval prior to the County adopting the resolution authorizing the issuance of the debt.

Private Negotiated Sale Approval (GO Refunding Bonds)

Pursuant to Tenn. Code Ann. § 9-21-910, the County's request to sell the Series 2022 Refunding Bonds by negotiated sale is approved. This approval is conditioned upon the requirement that the bonds are sold with the same, or accelerated, principal repayment schedule as presented in the County's Plan.

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'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: February 28, 2022