

**Tennessee Municipal Bond Fund
Information Regarding Variable and Fixed Rate Loan Programs
for the City of Crossville, Tennessee**

July 10, 2013

The Tennessee Municipal Bond Fund ("TMBF"), can assist the City of Crossville (the "City"), in obtaining either variable or fixed rate financing in the amount of not to exceed \$4,000,000 to finance public works projects for the City by means of either a variable or fixed rate loan from The Public Building Authority of the City of Clarksville, Tennessee (the "PBA"). For either the variable or fixed rate financing, the PBA will issue a bond which will be sold to a bank as a private placement.

Below is a summary of the variable and fixed rate loan programs.

VARIABLE RATE PROGRAM

The loan will bear interest at a variable rate based on SIFMA, which is a weekly rate made up of the average of the five largest remarketing banks - SIFMA stands for Securities Industry and Financial Markets Association - this index was created in response to industry participants' demand for a short-term index which accurately reflected activity in the variable rate demand obligations market

The three year SIFMA average is 0.18% - the four year SIFMA average is 0.21% - the five year SIFMA average is 0.45% - the ten year SIFMA average is 1.45% - today's SIFMA rate is 0.05% - the average for the last 52 weeks is 0.14% - a copy of the SIFMA Index Rate History is attached

The purchasing bank will add a spread of 0.85% which is based on the City's current long term Moody's debt rating of Aa3 - the administration fee will be 0.15% - the trustee will also charge a fee for its services - the trustee fee will be \$125 per month - interest and fees will be billed monthly

The loan can be amortized for up to 25 years

The spread of 0.85% will be locked in for a period of seven years - the Bank at the end of the seven year period can adjust the spread based on current market conditions or opt to get out of the loan - they can either raise, lower, or leave the spread the same - if the City's debt rating changes during the life of the loan, the City's spread will be changed based upon the grid then in the loan agreement to be effective on the next July 1

The loan can be prepaid in whole with 90 days notice with no prepayment penalty

The City may make additional principal payments during the term of the loan with no prepayment penalty

This is a draw basis loan - the City will only pay interest and fees on the funds as they are drawn - the City will send in request for a draw to the trustee by the 25th of each month and the funds will be wired by the trustee to the City on the first business day of each month - the City will have 3 years to draw on the loan (longer if the project is still ongoing)

The cost of issuance on the loan is 0.60% payable at closing and will be paid from the loan proceeds - in this case \$24,000

The monthly invoice will be generated by the trustee at the first of the month - the invoice will include the actual SIFMA rates based on the average of the weekly SIFMA rates for the preceding month plus the spread of 0.85%, the administration fee of 0.15% and the trustee fee - the payment will be due to the trustee by the 10th of the month - principal will be payable annually in May – the all inclusive rate as of today would be 1.05%

The loan will be a general obligation debt of the City

FIXED RATE PROGRAM

The fixed rate can be locked in for a term of 5 years - the bank six months prior to the end of the 5 year period can call the loan or adjust the rate based on current market conditions – the bank can either raise, lower, or leave the rate the same - the final rate would be locked in at the time of the adoption of the resolution or just prior to that time and would be good for thirty days

The loan can be amortized for up to 25 years

The loan cannot be prepaid except on the rate adjustment dates – additional payments of principal may be made with no prepayment penalty

The loan will be a general obligation debt of the City

The total cost of issuance is 0.60% - in this case \$24,000 - this is an all-inclusive cost of issuance - there are no additional fees or expenses for paying agents/registration agents, etc. - the cost of issuance will be paid from the loan proceeds at the time of closing

At the time of the closing of the loan the City will receive the entire loan proceeds, less the cost of issuance amount – the City will then be able invest the proceeds and will be responsible for any arbitrage rebate liability associated with the loan - the City will have three years to spend the loan proceeds – the City will pay interest on the entire amount from the time of closing

Principal will be payable annually with interest being payable semiannually – the payment dates can be determined at the time of the closing of the loan

Since the bond would be sold as a private placement, there would not be any continuing disclosure requirements or ongoing fees for a paying/registration agent

LOAN PROCESS FOR EITHER VARIABLE OR FIXED RATE LOAN:

The loan would require the adoption of an initial resolution and a loan resolution at either a regular or special meeting of the City Council, after publication of a notice of such meeting. We prepare the resolutions and assist in obtaining all necessary approvals – consisting of bank and state approvals. The loan also requires credit approval by the bank.

Below is a summary of the loan process:

1. Submission of Loan Application and necessary financial information to TMBF; submission to Bank by TMBF
2. Publication of notice of meeting at least five to seven days prior to meeting or proof of annual meeting notice
3. Adoption of Initial Resolution and Loan Resolution
4. Publication of Initial Resolution (20 day protest period)
5. Submission of information to State to obtain necessary approval for the loan
5. Preparation of necessary loan documents
6. Execution of loan documents and receipt of an opinion of the City's attorney with respect to the loan (the form of which we provide to such attorney)
7. Closing of Loan

AMORTIZATION SCHEDULES:

Attached are the following amortization schedules for your information and review.

Variable Rate Schedule

The schedule is based on a variable rate of **1.45** which is the five year SIFMA average of **0.45%** plus the bank spread and administration fee of **1.00%** (it does not include the trustee fee) for a term of 25 years

Fixed Rate Schedule:

The schedule is based on an indicative fixed rate of **2.67%** for a **25** year term with a **5** year rate adjustment

VARIABLE RATE LOAN AMORTIZATION SCHEDULE

BOND DEBT SERVICE

CITY OF CROSSVILLE, TENNESSEE
\$4,000,000 VR LOAN-25 YEARS

TENNESSEE MUNICIPAL BOND FUND
VARIABLE RATE LOAN PROGRAM

***BASED ON 5 YEAR SIFMA AVERAGE OF 0.45% PLUS BANK SPREAD
AND FEES OF 1.00%***

ASSUMES ALL PROCEEDS DRAWN AT CLOSING
PRINCIPAL PAYABLE ANNUALLY
INTEREST AND FEES PAYABLE MONTHLY

Dated Date: August 15, 2013

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|------------|--------------|------------------------|
| 08/15/2013 | | | | | |
| 05/25/2014 | | | 45,111.11 | 45,111.11 | 45,111.11 |
| 05/25/2015 | 141,000 | 1.450% | 58,000.00 | 199,000.00 | 199,000.00 |
| 05/25/2016 | 143,000 | 1.450% | 55,955.50 | 198,955.50 | 198,955.50 |
| 05/25/2017 | 145,000 | 1.450% | 53,882.00 | 198,882.00 | 198,882.00 |
| 05/25/2018 | 147,000 | 1.450% | 51,779.50 | 198,779.50 | 198,779.50 |
| 05/25/2019 | 149,000 | 1.450% | 49,648.00 | 198,648.00 | 198,648.00 |
| 05/25/2020 | 151,000 | 1.450% | 47,487.50 | 198,487.50 | 198,487.50 |
| 05/25/2021 | 153,000 | 1.450% | 45,298.00 | 198,298.00 | 198,298.00 |
| 05/25/2022 | 155,000 | 1.450% | 43,079.50 | 198,079.50 | 198,079.50 |
| 05/25/2023 | 158,000 | 1.450% | 40,832.00 | 198,832.00 | 198,832.00 |
| 05/25/2024 | 160,000 | 1.450% | 38,541.00 | 198,541.00 | 198,541.00 |
| 05/25/2025 | 162,000 | 1.450% | 36,221.00 | 198,221.00 | 198,221.00 |
| 05/25/2026 | 165,000 | 1.450% | 33,872.00 | 198,872.00 | 198,872.00 |
| 05/25/2027 | 167,000 | 1.450% | 31,479.50 | 198,479.50 | 198,479.50 |
| 05/25/2028 | 169,000 | 1.450% | 29,058.00 | 198,058.00 | 198,058.00 |
| 05/25/2029 | 172,000 | 1.450% | 26,607.50 | 198,607.50 | 198,607.50 |
| 05/25/2030 | 174,000 | 1.450% | 24,113.50 | 198,113.50 | 198,113.50 |
| 05/25/2031 | 177,000 | 1.450% | 21,590.50 | 198,590.50 | 198,590.50 |
| 05/25/2032 | 179,000 | 1.450% | 19,024.00 | 198,024.00 | 198,024.00 |
| 05/25/2033 | 182,000 | 1.450% | 16,428.50 | 198,428.50 | 198,428.50 |
| 05/25/2034 | 185,000 | 1.450% | 13,789.50 | 198,789.50 | 198,789.50 |
| 05/25/2035 | 187,000 | 1.450% | 11,107.00 | 198,107.00 | 198,107.00 |
| 05/25/2036 | 190,000 | 1.450% | 8,395.50 | 198,395.50 | 198,395.50 |
| 05/25/2037 | 193,000 | 1.450% | 5,640.50 | 198,640.50 | 198,640.50 |
| 05/25/2038 | 196,000 | 1.450% | 2,842.00 | 198,842.00 | 198,842.00 |
| | 4,000,000 | | 809,783.11 | 4,809,783.11 | 4,809,783.11 |

FIXED RATE AMORTIZATION SCHEDULE

BOND DEBT SERVICE

CITY OF CROSSVILLE, TENNESSEE
\$4,000,000 FR LOAN-25 YEARS

TENNESSEE MUNICIPAL BOND FUND
FIXED RATE LOAN PROGRAM

***BASED ON INDICATIVE RATE FOR 25 YEAR AMORTIZATION WITH
5 YEAR RATE ADJUSTMENT***

PRINCIPAL PAYABLE ANNUALLY
INTEREST PAYABLE SEMIANNUALLY

Dated Date: August 15, 2013

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|-----------|--------------|------------------------|
| 08/15/2013 | | | | | |
| 02/01/2014 | | | 49,246.67 | 49,246.67 | |
| 08/01/2014 | 110,000 | 2.670% | 53,400.00 | 163,400.00 | 212,646.67 |
| 02/01/2015 | | | 51,931.50 | 51,931.50 | |
| 08/01/2015 | 118,000 | 2.670% | 51,931.50 | 169,931.50 | 221,863.00 |
| 02/01/2016 | | | 50,356.20 | 50,356.20 | |
| 08/01/2016 | 121,000 | 2.670% | 50,356.20 | 171,356.20 | 221,712.40 |
| 02/01/2017 | | | 48,740.85 | 48,740.85 | |
| 08/01/2017 | 124,000 | 2.670% | 48,740.85 | 172,740.85 | 221,481.70 |
| 02/01/2018 | | | 47,085.45 | 47,085.45 | |
| 08/01/2018 | 128,000 | 2.670% | 47,085.45 | 175,085.45 | 222,170.90 |
| 02/01/2019 | | | 45,376.65 | 45,376.65 | |
| 08/01/2019 | 131,000 | 2.670% | 45,376.65 | 176,376.65 | 221,753.30 |
| 02/01/2020 | | | 43,627.80 | 43,627.80 | |
| 08/01/2020 | 134,000 | 2.670% | 43,627.80 | 177,627.80 | 221,255.60 |
| 02/01/2021 | | | 41,838.90 | 41,838.90 | |
| 08/01/2021 | 138,000 | 2.670% | 41,838.90 | 179,838.90 | 221,677.80 |
| 02/01/2022 | | | 39,996.60 | 39,996.60 | |
| 08/01/2022 | 142,000 | 2.670% | 39,996.60 | 181,996.60 | 221,993.20 |
| 02/01/2023 | | | 38,100.90 | 38,100.90 | |
| 08/01/2023 | 145,000 | 2.670% | 38,100.90 | 183,100.90 | 221,201.80 |
| 02/01/2024 | | | 36,165.15 | 36,165.15 | |
| 08/01/2024 | 149,000 | 2.670% | 36,165.15 | 185,165.15 | 221,330.30 |
| 02/01/2025 | | | 34,176.00 | 34,176.00 | |
| 08/01/2025 | 153,000 | 2.670% | 34,176.00 | 187,176.00 | 221,352.00 |
| 02/01/2026 | | | 32,133.45 | 32,133.45 | |
| 08/01/2026 | 157,000 | 2.670% | 32,133.45 | 189,133.45 | 221,266.90 |
| 02/01/2027 | | | 30,037.50 | 30,037.50 | |
| 08/01/2027 | 162,000 | 2.670% | 30,037.50 | 192,037.50 | 222,075.00 |
| 02/01/2028 | | | 27,874.80 | 27,874.80 | |
| 08/01/2028 | 166,000 | 2.670% | 27,874.80 | 193,874.80 | 221,749.60 |
| 02/01/2029 | | | 25,658.70 | 25,658.70 | |
| 08/01/2029 | 170,000 | 2.670% | 25,658.70 | 195,658.70 | 221,317.40 |
| 02/01/2030 | | | 23,389.20 | 23,389.20 | |
| 08/01/2030 | 175,000 | 2.670% | 23,389.20 | 198,389.20 | 221,778.40 |
| 02/01/2031 | | | 21,052.95 | 21,052.95 | |
| 08/01/2031 | 180,000 | 2.670% | 21,052.95 | 201,052.95 | 222,105.90 |
| 02/01/2032 | | | 18,649.95 | 18,649.95 | |
| 08/01/2032 | 184,000 | 2.670% | 18,649.95 | 202,649.95 | 221,299.90 |
| 02/01/2033 | | | 16,193.55 | 16,193.55 | |
| 08/01/2033 | 189,000 | 2.670% | 16,193.55 | 205,193.55 | 221,387.10 |
| 02/01/2034 | | | 13,670.40 | 13,670.40 | |
| 08/01/2034 | 194,000 | 2.670% | 13,670.40 | 207,670.40 | 221,340.80 |
| 02/01/2035 | | | 11,080.50 | 11,080.50 | |

BOND DEBT SERVICE

CITY OF CROSSVILLE, TENNESSEE
\$4,000,000 FR LOAN-25 YEARS

TENNESSEE MUNICIPAL BOND FUND
FIXED RATE LOAN PROGRAM

***BASED ON INDICATIVE RATE FOR 25 YEAR AMORTIZATION WITH
5 YEAR RATE ADJUSTMENT***

PRINCIPAL PAYABLE ANNUALLY
INTEREST PAYABLE SEMIANNUALLY

Dated Date: August 15, 2013

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|--------------|--------------|------------------------|
| 08/01/2035 | 199,000 | 2.670% | 11,080.50 | 210,080.50 | 221,161.00 |
| 02/01/2036 | | | 8,423.85 | 8,423.85 | |
| 08/01/2036 | 205,000 | 2.670% | 8,423.85 | 213,423.85 | 221,847.70 |
| 02/01/2037 | | | 5,687.10 | 5,687.10 | |
| 08/01/2037 | 210,000 | 2.670% | 5,687.10 | 215,687.10 | 221,374.20 |
| 02/01/2038 | | | 2,883.60 | 2,883.60 | |
| 08/01/2038 | 216,000 | 2.670% | 2,883.60 | 218,883.60 | 221,767.20 |
| | 4,000,000 | | 1,530,909.77 | 5,530,909.77 | 5,530,909.77 |

SIFMA RATE HISTORY

SIFMA INDEX RATE HISTORY
as of June 30, 2013

Averages for Calendar Years

| | |
|-------------|-------------|
| 2013 | 0.12 |
| 2012 | 0.16 |
| 2011 | 0.18 |
| 2010 | 0.27 |
| 2009 | 0.40 |
| 2008 | 2.21 |
| 2007 | 3.62 |
| 2006 | 3.45 |
| 2005 | 2.46 |
| 2004 | 1.23 |
| 2003 | 1.03 |
| 2002 | 1.38 |
| 2001 | 2.61 |
| 2000 | 4.12 |
| 1999 | 3.29 |
| 1998 | 3.43 |
| 1997 | 3.66 |
| 1996 | 3.43 |
| 1995 | 3.85 |

Average Since 1995 **2.59**

One Year Average
June 30, 2012 - June 30, 2013 **0.14**

Three Year Average
June 30, 2010 - June 30, 2013 **0.18**

Four Year Average
June 30, 2009 - June 30, 2013 **0.21**

Five Year Average
June 30, 2008 - June 30, 2013 **0.45**

Ten Year Average
June 30, 2003 - June 30, 2013 **1.45**