



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
OFFICE OF STATE AND LOCAL FINANCE  
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October 6, 2015

Honorable James Mayberry, Mayor  
City of Crossville  
392 North Main Street  
Crossville, TN 38555-4232

Dear Mayor Mayberry:

Please present this letter to the Board at its next meeting and provide a copy to each Board member.

This letter acknowledges a request from the City of Crossville (the "City") on October 6, 2015, for approval to enter into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (the "PBA"). Included with the request letter were two unnumbered Resolutions, both adopted on August 13, 2015, authorizing the City to enter a variable interest rate loan agreement with the PBA (the "Loan Agreement") in an amount not to exceed \$2,000,000 to finance certain public works projects consisting of street and road improvements including paving, and park and recreational facilities improvements and upgrades (the "Project").

The City published a notice concerning the initial resolution on August 19, 2015, and no petition protesting the incurrence of the indebtedness was filed with City officials according to the City's request letter.

The City provided a copy of its debt management policy, and within forty-five (45) days 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.

### **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 Resolution No. 2015-61 authorizing the loan agreement appears to meet the requirements of item 5 of the Blanket Exemption.

### **Approval**

This letter constitutes approval by this Office for the City, in accordance with T.C.A. § 12-10-109, to enter into a loan agreement with the PBA in an amount not to exceed \$2,000,000.

### **Purpose, Terms, and Life**

This Project is defined as a public works project in T.C.A. § 9-21-105, and the City may enter into a loan agreement with a public building authority under the authority of Title 12 Chapter 10 of the Tennessee Code Annotated to finance such a Project. The submitted certified resolutions appear to meet the requirements for entering into such a loan agreement. The maximum term for the loan agreement authorized by the governing body is twelve (12) years. The loan will bear interest at a variable interest rate based on the Securities Industry and Financial Markets Association Rate ("SIFMA") plus a purchasing bank spread and any additional fees as described in the Loan Agreement.

### **Director's Budget Approval Requirement**

By entering into a loan agreement under the authority of Tennessee Code Annotated, Title 12, Chapter 10, the City has placed itself under the budget approval authority of the Director of the Office of State and Local Finance for the life of any outstanding loan agreement. This authority requires the City to submit to the Director, the annual operating and capital budget ordinance for official budget approval within 15 days of adoption, with any necessary supporting documents that substantiate:

- the City's budget is balanced as required by state law,
- the City intends to pay all of its outstanding debt obligations, and
- the annual budget is prepared in a form consistent with accepted governmental standards and as approved by the Director.

The City must meet these standards to receive the statutorily required budget approval.

### **Municipal Securities Rule Making Board Notice 2011-52 on "Bank Loans" and Voluntary Disclosure**

The Municipal Securities Rule Making 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](http://emma.msrb.org)). For more information see the preceding notices on the MSRB's website ([msrb.org](http://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**

Enclosed is a Report on Debt Obligation. The report must be filed with the governing body of the public entity issuing the debt not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any public entity, 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 letter or by email to [StateandLocalFinance.PublicDebtForm@cot.tn.gov](mailto:StateandLocalFinance.PublicDebtForm@cot.tn.gov). No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

Please notify us if the City decides not to issue the debt approved in this letter. If you should have any questions or need further assistance, please feel free to call.

Sincerely,



Sandra Thompson  
Director of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT  
Ms. Linda Mooningham, TMBF

Encl: Report on Debt Obligation (Form CT-0253)