



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

July 28, 2016

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

Dear Mayor Mayberry and Councilmembers:

Please present a copy of this letter to each member of the governing body at the next meeting following receipt of this letter.

This Office received a request on July 22, 2016, from the City of Crossville (the "City") for approval to issue three-year capital outlay notes in an amount not to exceed \$1,200,000 to be known as the "Radio Communications System Capital Outlay Notes, Series 2016" (the "Notes").

Included with the request was an unnumbered resolution adopted on July 14, 2016, authorizing the issuance of the Notes to finance the acquisition and installation of a radio communications system for the City (the "Project"). The proposed note form was included with the resolution. Please send a copy of the executed note to us along with the completed Report on Debt Obligation.

Debt Management Policy

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.

Note Approval

This letter constitutes approval for the City to issue the Notes by negotiated sale pursuant to T.C.A. § 9-21-604 and § 9-21-607. Approval of the sale of the Notes is conditioned upon the City's compliance with all relevant provisions of Tennessee law.

This Office has relied upon the City's determination of the cost of the public works project.

The City is responsible for ensuring compliance with Title 9 Chapter 21 Parts 1, 4, and 6 of the Tennessee Code Annotated, its debt management policy, and timely payment of outstanding note principal and interest in accordance with the note provisions.

This letter and the approval to issue debt do not address the compliance with federal tax regulations and should not be relied upon for that purpose. The City should discuss these issues with a tax attorney or bond counsel.

This approval is valid for six months after the date of this letter. If the Notes have not been issued within that time, a new note resolution must be passed by the Governing Body and submitted to this Office for approval.

Purpose, Terms, and Life

This Project meets the definition of a public works project in T.C.A. § 9-21-105, and the City may issue notes under the authority of Title 9, Chapter 21, of the Tennessee Code Annotated to finance such a Project. The maturity of the Notes does not exceed the life of the proposed Project as attested by the local governing body. The submitted certified resolution and supporting documents appear to meet the requirements for the issuance of notes in Title 9 Chapter 21 Parts 1, 4, and 6 of the Tennessee Code Annotated. The maximum maturity for the Notes as authorized by the governing body is three fiscal years following the fiscal year of issuance.

In accordance with the requirements of T.C.A. § 9-21-604, a condition for this approval is that not less than one-ninth (1/9) of the original principal amount of the Notes is paid each year after the date issued with the balance being paid in the final year of the Notes. In its resolution, the City committed to pay at least one-third (1/3) of the original principal amount each year the Notes are outstanding.

If the City does not pay the minimum annual principal payments, the City will not be permitted to convert the Notes to bonds after the two (2) year period commencing on the date of issuance (T.C.A. § 9-21-606).

Nonconforming Obligations

Notes issued contrary to Tennessee Code Annotated, Title 9, Chapter 21, Parts 4 and 6, or notes not properly extended are nonconforming obligations. The Comptroller has the option to levy a penalty for notes deemed nonconforming obligations.

Director's Approval Requirement

By issuing debt under the authority of Title 9 Chapter 21 of the Tennessee Code Annotated, the City has placed itself under the budget approval authority of the Director of the Office of State and Local Finance (the "Director") for the life of any outstanding debt. This authority requires the Mayor, as Chief Executive Officer, to submit to the Director the appropriation resolution 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.

This Office can require the City to provide any information or perform any audits necessary to ascertain that the City maintains a balanced budget and makes payments on its outstanding debt obligations. If the government is unwilling to submit information to comply with the requirements of T.C.A. § 9-21-403, the approval to issue the Notes is rescinded.

Municipal Securities Rulemaking Board (MSRB) Voluntary Disclosure of Bank Loans

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

Enclosed is a Report on Debt Obligation, Form CT-0253. The Report on Debt Obligation 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. For your convenience, a fillable PDF of the Form is available at <http://comptroller.tn.gov/sl/pubdebt.asp>. 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 Notes. If you should have any questions or if we may be of further assistance, please feel free to call us.

Sincerely,



Sandra Thompson
Director of State & Local Finance

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

Encl: Report on Debt Obligation