



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
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505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

March 25, 2013

Honorable Tim Boaz, Mayor
City of Parsons
P.O. Box 128
Parsons, TN 38363

Dear Mayor Boaz:

This letter acknowledges receipt on March 13, 2013, of a request to review a plan of refunding (the "Plan") for an issuance of an amount not to exceed \$1,883,055 Water and Sewer Revenue and Tax Refunding Bonds, Series 2013 (the "2013 Refunding Bonds"), to current refund by private negotiated sale, an estimated \$1,871,825 Water and Sewer Revenue and Tax Bonds, Series 2005 (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 of a local government authorizing the issuance of refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the City. 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.

The City provided a copy of its debt management policy. A specific description of how the debt complies with the City's debt policy should be included on the form CT-0253 to be submitted within 45 days of issuance of the debt approved in this letter. If the most current version is on file with this office a copy does not have to be submitted.

CITY'S PROPOSED REFUNDING OBJECTIVE

The 2013 Refunding Bonds are being issued for debt service savings. The CFO has established a threshold of 5% minimum net present value savings to proceed with a refunding. The Plan estimates net present value savings of \$749,545 or 40.04% of the refunded principal.

PRIVATE NEGOTIATED SALE APPROVAL

The approval of the Office of State and Local Finance is required when a municipality desires to sell refunding general obligation debt through a negotiated sale process. The City has requested approval to sell the Refunding Bonds through negotiated sale.

This letter constitutes approval to negotiate the sale of the 2013 Refunding Bonds, conditioned upon the requirement that the bonds are sold with the debt service payment schedule having the same principal repayment schedule as presented in the plan or the principal repayment schedule is accelerated.

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

Distribute this letter and the enclosed report of the review of the Plan to the members of the governing body as required by Tenn. Code Ann. § 9-21-903.

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 significantly 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

Enclosed is a revised Form CT-0253 - Report on Debt Obligation. The Form CT-0253 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 either by mail to the address on this letterhead or by email to the address below. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

StateandLocalFinance.PublicDebtForm@cot.tn.gov

Sincerely,

A handwritten signature in cursive script that reads "Mary-Margaret Collier" with a small "1.1." written below the name.

Mary-Margaret Collier
Director of the Office of State & Local Finance

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

Enclosures (2): Report of the Director of the Office of State & Local Finance, State Form CT-0253, Report on Debt Obligation.

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CITY OF PARSONS, TENNESSEE
CONCERNING THE PROPOSED ISSUANCE OF ITS
WATER AND SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 2013**

The City of Parsons (the "City") submitted a plan of refunding (the "Plan"), as required by Tenn. Code Ann. § 9-21-903 regarding the issuance of not to exceed \$1,883,055 Water and Sewer Revenue and Tax Refunding Bonds, Series 2013 (the "2013 Refunding Bonds"), to current refund by private negotiated sale, an estimated \$1,871,825 Water and Sewer Revenue and Tax Bonds, Series 2005 (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, the Tennessee Municipal Bond Fund. The City provided a copy of its debt management policy.

Refunding Analysis

- The results for the refunding are based on the assumption that the estimated \$1,883,055 Series 2013 Refunding Bonds will be sold through negotiated sale and priced at par.
- Estimated net present value savings is \$749,545 or 40.04% of the refunded principal.
- The savings are achieved by reducing the average coupon on the Refunded Bonds from 4.38% to an estimated average coupon of 2.18% for the 2013 Refunding Bonds and the maturity schedule of the Refunding Bonds will be six years shorter than the maturity schedule of the Refunded Bonds.
- Estimated cost of issuance of the 2013 Refunding Bonds is \$11,230 or \$5.96 per \$1,000 of par amount for the 2013 Refunding Bonds.

The City has identified the Tennessee Municipal Bond Fund 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 for 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.

This report does not provide broad approval to refund the Refunded Bonds in a bond issue other than the proposed 2013 Refunding Bonds. If all of the Refunded Bonds are not refunded as a part of the 2013 Refunding Bonds, then a new plan will have to be submitted to this Office for review.



Mary-Margaret Collier
Director of the Office of State and Local Finance
Date: March 25, 2013

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:

Name _____
Address _____

2. Debt Obligation:

- | | |
|--------------------------|-------------------|
| <input type="checkbox"/> | a. Bond |
| <input type="checkbox"/> | b. CON |
| <input type="checkbox"/> | c. BAN |
| <input type="checkbox"/> | d. GAN |
| <input type="checkbox"/> | e. TRAN |
| <input type="checkbox"/> | f. CRAN |
| <input type="checkbox"/> | g. Capital Lease |
| <input type="checkbox"/> | h. Loan Agreement |

Note: Enclose a copy of the executed NOTE FORM if applicable.

5. Face Amount of Debt Obligation: _____

Premium/Discount: _____

6. Type of Sale:

- | | |
|--------------------------|----------------------------|
| <input type="checkbox"/> | a. Competitive Public Sale |
| <input type="checkbox"/> | b. Informal Bid |
| <input type="checkbox"/> | c. Negotiated Sale |
| <input type="checkbox"/> | d. Loan Program |

3. Security For Debt Obligation:

- | | |
|--------------------------|-----------------------------------|
| <input type="checkbox"/> | a. General Obligation |
| <input type="checkbox"/> | b. General Obligation+Revenue+Tax |
| <input type="checkbox"/> | c. Revenue |
| <input type="checkbox"/> | d. TIF |
| <input type="checkbox"/> | e. Annual Appropriations |

7. Tax Status:

- | | |
|--------------------------|--------------------------------|
| <input type="checkbox"/> | a. Tax Exempt |
| <input type="checkbox"/> | b. Tax Exempt - Bank Qualified |
| <input type="checkbox"/> | c. Taxable |

8. Dated Date: _____

9. Issue Date (Closing Date): _____

4. Purpose of Issue:

- | | | | |
|--------------------------|-----------------------------|-------|---|
| <input type="checkbox"/> | a. General Government | _____ | % |
| <input type="checkbox"/> | b. Education | _____ | % |
| <input type="checkbox"/> | c. Highways and Streets | _____ | % |
| <input type="checkbox"/> | d. Public Safety | _____ | % |
| <input type="checkbox"/> | e. Solid Waste Disposal | _____ | % |
| <input type="checkbox"/> | f. Industrial Park | _____ | % |
| <input type="checkbox"/> | g. Manufacturing Facilities | _____ | % |
| <input type="checkbox"/> | h. Health Facilities | _____ | % |
| <input type="checkbox"/> | i. Airports | _____ | % |
| <input type="checkbox"/> | j. Utilities | _____ | % |
| <input type="checkbox"/> | i. Water | _____ | % |
| <input type="checkbox"/> | ii. Sewer | _____ | % |
| <input type="checkbox"/> | iii. Electric | _____ | % |
| <input type="checkbox"/> | iv. Gas | _____ | % |
| <input type="checkbox"/> | k. Refunding or Renewal | _____ | % |
| <input type="checkbox"/> | l. Other _____ | _____ | % |
- specify

10. Ratings:

- | | |
|----------------------|-------|
| a. Moody's | _____ |
| b. Standard & Poor's | _____ |
| c. Fitch | _____ |
| d. Unrated | _____ |

11. Interest Cost:

- | | | |
|---------|--------------------------|---|
| _____ % | <input type="checkbox"/> | a. TIC |
| | <input type="checkbox"/> | b. NIC |
| | <input type="checkbox"/> | c. Variable: Index _____ plus _____ bps |
| | <input type="checkbox"/> | d. Other _____ |

12. Recurring Costs:

- | | |
|------------------------------|-------|
| a. Remarketing Agent (bps) | _____ |
| b. Liquidity (bps) | _____ |
| c. Credit Enhancements (bps) | _____ |

15. Itemized Description of the Cost of Issuance

(Round to Nearest Dollar)

	Name of Firm
a. Financial Advisor Fees*	
b. Legal Fees:	
i. Bond Counsel	
ii. Issuer's Counsel	
iii. Trustee's Counsel	

c. Paying Agent Fees and Registration Fees	
d. Trustee Fees	
e. Remarketing Agent Fees	
f. Liquidity Fees	
g. Rating Agency Fees	
h. Credit Enhancement Fees	
i. Underwriter's Discount _____%	
i. Take Down	
ii. Management Fee	
iii. Risk Premium	
iv. Underwriter's Counsel	
v. Other Expenses	
j. Printing and Advertising Fees	
k. Issuer Fees	
l. Real Estate Fees	
m. Bank Closing Costs	
n. Other Costs	
Total Costs	\$0.00

*If other costs are included, please itemize

Note: Enclose a copy of the DISCLOSURE DOCUMENT/ OFFICIAL STATEMENT if applicable.

16. Description of Continuing Disclosure Obligations

(Use additional pages if necessary)

Individual Responsible for Completion: _____
 Date Annual Disclosure is due: _____

**INSTRUCTIONS FOR PREPARATION OF CT-0253
REPORT ON DEBT OBLIGATION
DO NOT ADD TO, DELETE FROM OR CHANGE THIS FORMAT**

1. Issuer Include the full name and address of the public entity. (**This is NOT the bank or lending institution.**)
2. Debt Obligation Identify the type of debt obligations being issued either as a bond, note [capital outlay (CON), bond anticipation (BAN), grant anticipation (GAN), tax and revenue anticipation (TRAN), or capital revenue anticipation (CRAN)], capital lease or loan agreement. Note: For all notes, attach a copy of the executed Note Form. Form CT-0253 must be filed for any loan from the State Revolving Fund, a Public Building Authority, the Energy Efficient Schools Initiative or the Tennessee Local Development Authority. A line of credit is a CON. A lease/lease purchase includes Certificates of Participation.
3. Security for Debt Obligation Indicate the security for the debt obligation. Annual appropriations are applicable ONLY to lease/lease purchase obligations.
4. Purpose of Issue Indicate the purpose(s) of the debt issue. If the debt is issued for multiple purposes, provide the percentage of the amount of debt issued in each category. If final percentages have not been determined for multiple purposes, use reasonable estimates.
5. Face Amount of Debt Obligation Indicate the face or par amount of debt issued. When debt is issued in multiple series of bonds, a separate Form CT-0253 should be completed for each series (i.e. 2012 Series A, 2012 Series B).
6. Type of Sale Indicate whether the debt was sold through a competitive sale, negotiated sale or through an agreement under a loan program. If the debt is a loan agreement, specify the name of the loan program, i.e. State Revolving Fund, Tennessee Local Development Authority, Public Building Authority, Energy Efficient Schools Initiative.
7. Tax Status Indicate whether the interest on the debt is intended to be exempt from federal income taxation. If the debt is both taxable and tax-exempt, a separate Form CT-0253 must be completed for each.
8. Dated Date Indicate the date of the debt obligation which is the date that interest begins to accrue on the obligation.
9. Issue Date (Closing Date) Indicate the date that proceeds of the debt obligation are received by the Public Entity.
10. Rating Specify the rating(s) the debt obligation has been assigned, or indicate that the debt is unrated.
11. Interest Cost Indicate the interest rate percentage and method used to determine the rate. If the rate is the variable, indicate the first assigned rate specifying the index plus spread. TIC is True Interest Cost. NIC is Net Interest Cost.

19. Signatures of the Authorized Representative and Preparer The authorized representative is the chief executive officer of the public entity, i.e. County Executive, Mayor, President, Chairman, etc. If Form CT-0253 is prepared by someone other than the authorized representative, indicate in the space provided. However, the authorized representative must still sign the form.
20. Filing The Form CT-0253 must be filed with the governing body not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any Public Entity and with the Director of the Office of State and Local Finance. Public Entities that fail to comply with the requirements of TCA Section 9-21-151 will not be allowed to enter into any further Debt Obligations or Derivatives until they have complied with the law.

DEFINITIONS

“Chief Executive Officer” means County Executive, Mayor, President, or Chairman

“Debt obligation” means bonds, notes, capital leases, loan agreements, and any other evidence of indebtedness lawfully issued, executed or assumed by a Public Entity.

“Derivative” means an interest rate agreement, as defined in TCA § 9-22-103 and other transactions identified by the State Funding Board.

“Finance transaction” means debt obligations, derivatives, or both.

“Public entity” means the state, a state agency, a local government, a local government instrumentality, or any other authority, board, district, instrumentality, or entity created by the state, a state agency, local government, a local government instrumentality, or combination, thereof.

INCORRECT OR INCOMPLETE FORMS WILL BE RETURNED!!!