



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
OFFICE OF STATE & LOCAL FINANCE  
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NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7872  
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*Rec. 9-22-16  
et*

September 14, 2016

Honorable David Wear, Mayor  
and Honorable Board of Commissioners  
Ms. Earlene Teaster, City Manager  
City of Pigeon Forge  
3221 Rena Street  
Pigeon Forge, TN 37863

Dear Mayor Wear, Ms. Teaster, and Members of the Board:

Please provide a copy of this report to each Member of the Board for review at the public meeting for the adoption of the refunding bond authorizing resolution. Additionally, this letter, report, and plan of refunding (the "Plan"), are to be posted on the website of the City of Pigeon Forge (the "City").

This letter acknowledges receipt on September 12, 2016, of the City's request to review its Plan for the issuance of an amount not to exceed \$14,850,000 General Obligation Refunding Bonds, Series 2016 (the "Refunding 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 an authorizing resolution by the governing body. The information presented in the Plan are the assertions of the City and may not reflect either current market conditions or market conditions at the time of sale.

#### **CITY'S PROPOSED REFUNDING OBJECTIVE**

The City's indicated purpose for the refunding is net present value debt service savings.

#### **PLAN OF REFUNDING**

The City intends to competitively sell approximately \$14,450,000 of Refunding Bonds to advance refund \$13,380,000 General Obligation Refunding Bonds, Series 2008A (the "Refunded Bonds").

#### **BALLOON INDEBTEDNESS**

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the City should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the City must submit a Plan of Balloon Indebtedness to the Director of the Office

Office of State and Local Finance for approval prior to the City adopting the resolution authorizing the issuance of the debt.

### **COMPLIANCE WITH THE CITY'S 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.

### **FINANCIAL PROFESSIONALS**

The City indicated that Cumberland Securities Company, Inc. is its municipal advisor. Municipal advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests. The City prepared the Plan with the assistance of its municipal advisor.

### **MSRB Rule G-17**

MSRB Rule G-17 requires underwriters and municipal advisors to deal fairly with the County in the conduct of its municipal securities or municipal advisory activities. The Securities and Exchange Commission approved MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities on May 4, 2012. On August 2, 2012, this interpretive notice to MSRB Rule G-17 on fair dealing became part of federal securities law and underwriters are required to comply with its provisions.

These duties fall into three areas:

- statements and representations to issuers;
- disclosures to issuers; and
- financial aspects of underwriting transactions.

To learn more about the obligations of the County's underwriter (if applicable) and municipal advisor, please read the information posted on the MSRB website: [www.msrb.org](http://www.msrb.org).

### **REPORT OF THE REVIEW OF A PLAN OF REFUNDING**

**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 and 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. Either the Chief Executive Officer or the Chief Financial Officer of the local government must submit such statement. 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.

#### **REPORT ON DEBT OBLIGATION**

We are enclosing a Report on Debt Obligation, Form CT-0253. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the City no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by email to [StateandLocalFinance.PublicDebtForm@cot.tn.gov](mailto:StateandLocalFinance.PublicDebtForm@cot.tn.gov) or by mail to the address on this letterhead. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. A fillable PDF of Form CT-0253 can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

If you should have any questions regarding this information, or we may be of further assistance, please feel free to call.

Sincerely,



Sandra Thompson  
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT  
Mr. Chris Bessler, Municipal Advisor, Cumberland Securities Company, Inc.  
Mr. Mark Mamantov, Bass, Berry & Sims

Enclosures: Report of the Director of the Office of State & Local Finance  
Report on Debt Obligation

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE  
CONCERNING THE PROPOSED ISSUANCE  
BY THE CITY OF PIGEON FORGE, TENNESSEE,  
OF  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016**

The City of Pigeon Forge (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-1003 regarding an issuance of a maximum authorized amount of \$14,850,000 General Obligation Refunding Bonds, Series 2016 (the "Refunding Bonds") to advance refund \$13,380,000 General Obligation Refunding Bonds, Series 2008A (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, Cumberland Securities Company, Inc. This Office has not performed an evaluation of the preparation, support, and underlying assumptions of the Plan. This report provides no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Refunding Bonds may be issued with a structure different from that of the Plan. The City provided a copy of its debt management policy.

**BALLOON INDEBTEDNESS**

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the City should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the City must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the City adopting the resolution authorizing the issuance of the debt.

**CITY'S PROPOSED REFUNDING OBJECTIVE**

The City's indicated purpose for the refunding is net present value debt service savings.

**REFUNDING ANALYSIS**

- The results of the refunding are based on the assumption that \$14,450,000 Refunding Bonds will be sold by competitive sale and priced at par.
- The net present value savings are projected to be \$2,216,199 or approximately 16.56% of the refunded principal of \$13,380,000.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance of the Refunding Bonds is \$261,306 or \$18.08 per \$1,000 of the par amount. See Table 1 for individual costs of issuance.

**Table 1**  
**City of Pigeon Forge**  
**Costs of Issuance**  
**General Obligation Refunding, Series 2016**

	Amount		Price per \$1,000 Bond
Underwriter's Discount*	\$112,665.70	\$	7.80
Municipal Advisor (Cumberland Securities Company, Inc.)	72,250.00		5.00
Bond Counsel (Bass Berry & Sims)	30,990.00		2.14
Rating Agency Fees (S&P)	27,005.00		1.87
Other Costs	18,395.00		1.27
<b>Total Cost of Issuance</b>	<b>\$ 261,305.70</b>	<b>\$</b>	<b>18.08</b>

\* Subject to competitive bid

## FINANCIAL PROFESSIONALS

The City has indicated that Cumberland Securities Company, Inc. is its municipal advisor. Municipal advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests. The City prepared the Plan with the assistance of its municipal advisor.

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.

If not all of the Refunded Bonds are refunded as a part of the Refunding Bonds, and the City wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.



Sandra Thompson  
 Director of the Office of State and Local Finance  
 Date: September 14, 2016

INSTRUCTIONS FOR PREPARATION OF  
FORM CT-0253: REPORT ON DEBT OBLIGATION ("Report")

Note: The Report must be prepared for all debt obligations issued or entered into by any public entity and filed with the Governing Body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee ("OSLF"). The purpose for the Report is to provide clear and concise information to members of the governing or legislative body who authorized and are responsible for debt that has been issued. Conduit issuers must complete a Report even if costs and responsibilities are paid or assumed by a non-governmental borrower.

For a draw down borrowing program, including but not limited to commercial paper programs or the State Revolving Fund loan program ("Borrowing Program"), in which the maximum principal amount of the program or loan is established, but will not be drawn upon until a future date, the Governing Body may elect to file a Report at the time of establishment of the program (with disclosures as if the entire amount has been issued). In other words, the Report can be filed for a commercial paper program in the maximum amount authorized ("Initial Report") and an additional Report is not needed each time the commercial paper is issued within the maximum amount authorized by the established program. As an alternative, the Governing Body could also submit a Report for each draw on the Borrowing Program.

The Governing Body must decide what ongoing disclosures it wishes to receive regarding the Borrowing Program, such as updated payment schedules when funds are drawn. These ongoing disclosures should occur on a frequency no less than annually and should follow the same process as with a Report. Copies of these updates to the Initial Report may (but are not required to) be filed with the OSLF

This Report has been approved by the State Funding Board pursuant to TCA Section 9-21-151(c)(1) and must be used. Responses (including "Not Applicable" or NA) are required for all questions; Reports without responses to each question will be deemed non-compliant under TCA Section 9-21-151, returned to the public entity, and the public entity will be included on the discovery list. **Any entity failing to comply within 15 days will be placed on the list of nonresponsive entities and pursuant to that Section will be legally unable to enter into any additional debt obligations until compliance is achieved.** Definitions are included at the end of these Instructions.

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**1. Public Entity**

Include the full name and address of the public entity issuing the debt (this is NOT the bank or the lending institution). Provide the name of the debt issue (such as "Police Car Three-Year Capital Outlay Notes, Series 2013"). If this is an interfund loan, indicate the borrowing fund.

If the Governing Body has elected to receive an Initial Report for a Borrowing Program, then attach a copy of a draft form the Governing Body will use for its annual updates to the Initial Report. Such form should include a schedule similar to #10 of the Report.

**9. Date**

The "dated date" is the date that interest begins to accrue on the obligation or the date that value begins to increase or accrete. The "issue or closing date" is the date that proceeds of the debt obligation are received by the public entity.

**10. Maturity Dates, Amounts and Interest Rates\***

Indicate each year that principal is paid, the principal amount maturing in each year and the interest rate for that maturity. If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years or (3) debt service payments are not level throughout the retirement period, then YOU MUST PREPARE AND ATTACH a cumulative repayment schedule (grouped in 5 year increments, out to 30) including this and all other entity debt then outstanding secured by the same source. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source. The format to use follows:

THIS ISSUE			TOTAL DEBT OUTSTANDING		
Year	Cumulative Principal	% Total	Year	Cumulative Principal	% Total
1	\$	%	1	\$	%
5			5		
10			10		
15			15		
20			20		
25			25		
30			30		

\*This section is not applicable to an Initial Report for a Borrowing Program.

**11. Costs of Issuance**

Indicate all costs incurred in the initial issuance of the debt, rounded to the nearest dollar. Related costs that may recur on a periodic basis while the debt is outstanding are reported in #12. Include with professional fees any expenses billed by the professional, such as long distance calls or printing costs. If the financial advisor fee includes any other costs such as legal, printing, or rating fees, these costs should be itemized separately. If there are fees and costs that are not identified by categories shown on the form, indicate these in the "other costs" category; this may be aggregated only if this amount is less than \$5,000. Pro-rate the issuance costs on each Report if multiple series are reported on separate forms.

**12. Recurring Costs**

List the ongoing or recurring costs involved in connection with remarketing, liquidity, and credit enhancement, specifying any periodic fees and charges that may be incurred on a per transaction basis. Indicate any sponsorship, program, or administrative fees. If the periodic fees are not based on the outstanding principal balance of debt, please specify how the fees are calculated.

"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 Section 9-22-103 and other transactions identified by the State Funding Board.

"Finance transaction" means debt obligations, derivatives, or both.

"Governing body" means the legislative body of any public entity or any other authority charged with the governing of the affairs of any public entity.

"Initial Report" means a Report filed at the time of establishment of a Borrowing Program (with disclosures as if the entire amount has been issued).

"NIC" means net interest cost and "TIC" means true interest cost.

"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**  
**AND THE PUBLIC ENTITY WILL BE DEEMED NOT IN COMPLIANCE WITH TCA SECTION 9-21-151.**

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

**1. Public Entity:**  
 Name: \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 Debt Issue Name: \_\_\_\_\_  
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

**2. Face Amount:** \$ \_\_\_\_\_  
 Premium/Discount: \$ \_\_\_\_\_

**3. Interest Cost:** \_\_\_\_\_ %  Tax-exempt  Taxable  
 TIC  NIC  
 Variable: Index \_\_\_\_\_ plus \_\_\_\_\_ basis points; or  
 Variable: Remarketing Agent \_\_\_\_\_  
 Other: \_\_\_\_\_

**4. Debt Obligation:**  
 TRAN  RAN  CON  
 BAN  CRAN  GAN  
 Bond  Loan Agreement  Capital Lease  
 If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").

**5. Ratings:**  
 Unrated  
 Moody's \_\_\_\_\_ Standard & Poor's \_\_\_\_\_ Fitch \_\_\_\_\_

**6. Purpose:**

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input type="checkbox"/> Education	_____ %	_____
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input type="checkbox"/> Refunding/Renewal	_____ %	_____

**7. Security:**  
 General Obligation  General Obligation + Revenue/Tax  
 Revenue  Tax Increment Financing (TIF)  
 Annual Appropriation (Capital Lease Only)  Other (Describe): \_\_\_\_\_

**8. Type of Sale:**  
 Competitive Public Sale  Interfund Loan \_\_\_\_\_  
 Negotiated Sale  Loan Program \_\_\_\_\_  
 Informal Bid

**9. Date:**  
 Dated Date: \_\_\_\_\_ Issue/Closing Date: \_\_\_\_\_

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

**12. Recurring Costs:**

No Recurring Costs

	<b>AMOUNT</b> (Basis points/\$)	<b>FIRM NAME</b> (If different from #11)
Remarketing Agent	_____	_____
Paying Agent / Registrar	_____	_____
Trustee	_____	_____
Liquidity / Credit Enhancement	_____	_____
Escrow Agent	_____	_____
Sponsorship / Program / Admin	_____	_____
Other _____	_____	_____

**13. Disclosure Document / Official Statement:**

None Prepared

EMMA link \_\_\_\_\_ or

Copy attached

**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?  Yes  No

Is there a continuing disclosure obligation agreement related to this debt?  Yes  No

If yes to either question, date that disclosure is due \_\_\_\_\_

Name and title of person responsible for compliance \_\_\_\_\_

**15. Written Debt Management Policy:**

Governing Body's approval date of the current version of the written debt management policy \_\_\_\_\_

Is the debt obligation in compliance with and clearly authorized under the policy?  Yes  No

**16. Written Derivative Management Policy:**

No derivative

Governing Body's approval date of the current version of the written derivative management policy \_\_\_\_\_

Date of Letter of Compliance for derivative \_\_\_\_\_

Is the derivative in compliance with and clearly authorized under the policy?  Yes  No

**17. Submission of Report:**

To the Governing Body: on \_\_\_\_\_ and presented at public meeting held on \_\_\_\_\_

Copy to Director to OSLF: on \_\_\_\_\_ either by:

Mail to: 505 Deaderick Street, Suite 1600  
James K. Polk State Office Building  
Nashville, TN 37243-1402

OR  Email to: [StateAndLocalFinance.PublicDebtForm@cot.tn.gov](mailto:StateAndLocalFinance.PublicDebtForm@cot.tn.gov)

**18. Signatures:**

	<b>AUTHORIZED REPRESENTATIVE</b>	<b>PREPARER</b>
Name	_____	_____
Title	_____	_____
Firm	_____	_____
Email	_____	_____
Date	_____	_____