

Refunding Plan

City of Tullahoma, Tennessee

General Obligation Refunding Bonds, Series 2020

**Refunding Plan
City of Tullahoma, Tennessee
General Obligation School Refunding Bonds, Series 2020**

1) **Entity Information:**

- a. **Name of Government:** City of Tullahoma, Tennessee
- b. **Name of Governing Body:** The City of Tullahoma Board of Mayor and Aldermen
- c. **Mailing Address:** 201 West Grundy Street, Tullahoma, TN 37388
- d. **City Mayor Email Address:** mayor@tullahomatn.gov
- e.

Contact for Additional Information:

Ms. Sue Wilson
Director of Finance
931-455-2648
swilson@tullahomatn.gov

f. **Permission is hereby granted to contact our Financial Advisor:**

Mr. Ashley McAnulty
Senior Vice President
Stephens Inc.
615-279-4334
AMcAnulty@stephens.com
615-279-4351 (FAX)

- 2) **Timing Information:** The Board of Mayor and Aldermen will meet on Monday, June 22, 2020.
- 3) **Specific Request:** We are requesting a Report of Review of Plan pursuant to TCA 9-21-903. The City is rated "Aa2" and is not making any request related to Balloon Indebtedness.
- 4) **Method of Sale:** The refunding bonds will be sold at a Competitive Sale.
- 5) **Identification of Key Professionals:** Please see Exhibit A: Distribution List
- 6) **Purpose of Refunding:** The purpose of the refunding is debt service savings. The total savings from the fixed rate refunding are estimated at \$1,217,596 and the net present value savings are estimated at \$1,143,272, which is 57.746% of refunded interest or 11.359% of refunded principal (see page 1 of Exhibit B). The City may refund fewer bonds than those authorized.

In 2006, the City issued General Obligation Refunding Bonds, Series 2006 to refund all of the City's Public Improvement Bonds, Series 2001, dated December 1, 2001, maturing April 1, 2018 through April 1, 2026, inclusive and to pay costs incident to the issuance and sale of the Bonds. The City anticipates structuring the new refunding bond issue in such a way as to create approximately uniform savings in each year from 2021 to the final maturity in 2026. The City expects to refund the bonds maturing in the years 2021 to 2026.

In 2010, the City issued General Obligation School Bonds, Series 2010 to provide funds for the following purposes: (i) acquisition of land and site development for school purposes; (ii)

constructing, repairing, renovating and equipping of school buildings and school facilities; (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident to all of the foregoing; (iv) reimbursement to the appropriate fund of the Municipality for prior expenditures for the foregoing costs, if applicable; and (v) payment of costs incident to the issuance and sale of the Bonds. The City anticipates structuring the new refunding bond issue in such a way as to create approximately uniform savings in each year from 2021 to the final maturity in 2033. The City expects to refund the bonds maturing in the years 2021 to 2033.

Statement of Compliance with Debt Management Policy: The following are some of the relevant sections of the City’s Debt Management Policy:

Refinancing Outstanding Debt:

The City will refund debt when it is in the best financial interest of the City to do so. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in compliance with state laws and regulations.

Costs of Debt:

All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the Board of Mayor and Aldermen.

Professional Services:

The City shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the City and the lender or conduit issuer, if any. This includes "soft" costs or compensations in lieu of direct payments.

a. Series 2006 (Refunded Bond Issue)

Name of Issue	General Obligation Refunding Bonds, Series 2006
Terms:	See Exhibit B
Date of Issue:	December 15, 2006
Date of Authorization:	On or About November 2006
Copy of CT-0253	See Exhibit C
Bank Qualified?	No
Projects Funded with Bonds:	Originally School construction and improvements
Remaining Project Life (if avg life ext)	Exceeds 2026

b. Series 2010 (Refunded Bond Issue)

Name of Issue	General Obligation School Bonds, Series 2010
Terms:	See Exhibit B
Date of Issue:	August 10, 2010
Date of Authorization:	On or About July 2010
Copy of CT-0253	See Exhibit C
Bank Qualified?	No
Projects Funded with Bonds:	School and other public improvements
Remaining Project Life (if avg life ext)	Exceeds 2033

Appendix A

Distribution List

Distribution List

Engagement #362402

\$ 10,325,000
CITY OF TULLAHOMA, TENNESSEE
General Obligation Refunding Bonds, Series 2020

ISSUER

City of Tullahoma

201 West Grundy Street

P.O. Box 807

Tullahoma, TN 37388

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Sue Wilson, Director of Finance/Recorder

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CITY ATTORNEY

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REGISTRATION/PAYING AGENT

AND ESCROW AGENT

U. S. Bank National Association

Corporate Trust Services

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RATING AGENCY

Moody's Investors Service

UNDERWRITER:

TBD

Appendix B

Refunding Analysis

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

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CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Projected Savings Report (By Budget Year)

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2021	1,429,705.25	1,429,705.25	1,524,381.26	94,676.01
06/30/2022	1,381,457.50	1,381,457.50	1,475,093.76	93,636.26
06/30/2023	1,375,607.50	1,375,607.50	1,470,068.76	94,461.26
06/30/2024	1,318,457.50	1,318,457.50	1,414,568.76	96,111.26
06/30/2025	1,315,332.50	1,315,332.50	1,408,593.76	93,261.26
06/30/2026	1,256,547.50	1,256,547.50	1,352,018.76	95,471.26
06/30/2027	390,702.50	390,702.50	482,640.63	91,938.13
06/30/2028	402,027.50	402,027.50	494,312.50	92,285.00
06/30/2029	387,830.00	387,830.00	480,062.50	92,232.50
06/30/2030	398,392.50	398,392.50	489,843.75	91,451.25
06/30/2031	402,657.50	402,657.50	498,437.50	95,780.00
06/30/2032	411,007.50	411,007.50	505,500.00	94,492.50
06/30/2033	443,700.00	443,700.00	535,500.00	91,800.00
Total	\$10,913,425.25	\$10,913,425.25	\$12,131,021.94	\$1,217,596.69

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	1,139,041.67
Net PV Cashflow Savings @ 1.416%(AIC).....	1,139,041.67
Contingency or Rounding Amount.....	4,230.68
Net Present Value Benefit.....	\$1,143,272.35
Net PV Benefit / \$1,979,828.95 PV Refunded Interest.....	57.746%
Net PV Benefit / \$11,478,070.54 PV Refunded Debt Service.....	9.960%
Net PV Benefit / \$10,065,000 Refunded Principal.....	11.359%
Net PV Benefit / \$10,325,000 Refunding Principal.....	11.073%

Refunding Bond Information

Refunding Dated Date.....	7/03/2020
Refunding Delivery Date.....	7/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$9,320,000 General Obligation Refunding Bonds, Series 2006
Dated: December 15, 2006

Total Refunded Debt Service (Callable Bonds)

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/01/2020	-	-	122,300.00	122,300.00	-
04/01/2021	1,040,000.00	4.000%	122,300.00	1,162,300.00	-
06/30/2021	-	-	-	-	1,284,600.00
10/01/2021	-	-	101,500.00	101,500.00	-
04/01/2022	1,035,000.00	4.000%	101,500.00	1,136,500.00	-
06/30/2022	-	-	-	-	1,238,000.00
10/01/2022	-	-	80,800.00	80,800.00	-
04/01/2023	1,025,000.00	4.000%	80,800.00	1,105,800.00	-
06/30/2023	-	-	-	-	1,186,600.00
10/01/2023	-	-	60,300.00	60,300.00	-
04/01/2024	1,015,000.00	4.000%	60,300.00	1,075,300.00	-
06/30/2024	-	-	-	-	1,135,600.00
10/01/2024	-	-	40,000.00	40,000.00	-
04/01/2025	1,005,000.00	4.000%	40,000.00	1,045,000.00	-
06/30/2025	-	-	-	-	1,085,000.00
10/01/2025	-	-	19,900.00	19,900.00	-
04/01/2026	995,000.00	4.000%	19,900.00	1,014,900.00	-
06/30/2026	-	-	-	-	1,034,800.00
Total	\$6,115,000.00	-	\$849,600.00	\$6,964,600.00	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/03/2020
Average Life.....	3.218 Years
Average Coupon.....	4.0000000%
Weighted Average Maturity (Par Basis).....	3.218 Years
Weighted Average Maturity (Original Price Basis).....	3.218 Years

Refunding Bond Information

Refunding Dated Date.....	7/03/2020
Refunding Delivery Date.....	7/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2006 | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$4,750,000 General Obligation School Bonds, Series 2010
Dated: August 10, 2010

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/01/2020	100,000.00	2.625%	70,546.88	170,546.88	-
04/01/2021	-	-	69,234.38	69,234.38	-
06/30/2021	-	-	-	-	239,781.26
10/01/2021	100,000.00	2.750%	69,234.38	169,234.38	-
04/01/2022	-	-	67,859.38	67,859.38	-
06/30/2022	-	-	-	-	237,093.76
10/01/2022	150,000.00	3.000%	67,859.38	217,859.38	-
04/01/2023	-	-	65,609.38	65,609.38	-
06/30/2023	-	-	-	-	283,468.76
10/01/2023	150,000.00	3.000%	65,609.38	215,609.38	-
04/01/2024	-	-	63,359.38	63,359.38	-
06/30/2024	-	-	-	-	278,968.76
10/01/2024	200,000.00	3.125%	63,359.38	263,359.38	-
04/01/2025	-	-	60,234.38	60,234.38	-
06/30/2025	-	-	-	-	323,593.76
10/01/2025	200,000.00	3.250%	60,234.38	260,234.38	-
04/01/2026	-	-	56,984.38	56,984.38	-
06/30/2026	-	-	-	-	317,218.76
10/01/2026	375,000.00	3.375%	56,984.38	431,984.38	-
04/01/2027	-	-	50,656.25	50,656.25	-
06/30/2027	-	-	-	-	482,640.63
10/01/2027	400,000.00	3.500%	50,656.25	450,656.25	-
04/01/2028	-	-	43,656.25	43,656.25	-
06/30/2028	-	-	-	-	494,312.50
10/01/2028	400,000.00	3.625%	43,656.25	443,656.25	-
04/01/2029	-	-	36,406.25	36,406.25	-
06/30/2029	-	-	-	-	480,062.50
10/01/2029	425,000.00	3.750%	36,406.25	461,406.25	-
04/01/2030	-	-	28,437.50	28,437.50	-
06/30/2030	-	-	-	-	489,843.75
10/01/2030	450,000.00	3.750%	28,437.50	478,437.50	-
04/01/2031	-	-	20,000.00	20,000.00	-
06/30/2031	-	-	-	-	498,437.50
10/01/2031	475,000.00	4.000%	20,000.00	495,000.00	-
04/01/2032	-	-	10,500.00	10,500.00	-
06/30/2032	-	-	-	-	505,500.00
10/01/2032	525,000.00	4.000%	10,500.00	535,500.00	-
06/30/2033	-	-	-	-	535,500.00
Total	\$3,950,000.00	-	\$1,216,421.94	\$5,166,421.94	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/03/2020
Average Life.....	8.029 Years
Average Coupon.....	3.7217215%
Weighted Average Maturity (Par Basis).....	8.029 Years
Weighted Average Maturity (Original Price Basis).....	8.029 Years

Refunding Bond Information

Refunding Dated Date.....	7/03/2020
Refunding Delivery Date.....	7/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

School Bonds, Series 2010 | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Total Refunded Debt Service

DATE	Ref Bonds, Series 2006	School Bonds, Series 2010	TOTAL P+I	Fiscal Total
07/03/2020	-	-	-	-
10/01/2020	122,300.00	170,546.88	292,846.88	-
04/01/2021	1,162,300.00	69,234.38	1,231,534.38	-
06/30/2021	-	-	-	1,524,381.26
10/01/2021	101,500.00	169,234.38	270,734.38	-
04/01/2022	1,136,500.00	67,859.38	1,204,359.38	-
06/30/2022	-	-	-	1,475,093.76
10/01/2022	80,800.00	217,859.38	298,659.38	-
04/01/2023	1,105,800.00	65,609.38	1,171,409.38	-
06/30/2023	-	-	-	1,470,068.76
10/01/2023	60,300.00	215,609.38	275,909.38	-
04/01/2024	1,075,300.00	63,359.38	1,138,659.38	-
06/30/2024	-	-	-	1,414,568.76
10/01/2024	40,000.00	263,359.38	303,359.38	-
04/01/2025	1,045,000.00	60,234.38	1,105,234.38	-
06/30/2025	-	-	-	1,408,593.76
10/01/2025	19,900.00	260,234.38	280,134.38	-
04/01/2026	1,014,900.00	56,984.38	1,071,884.38	-
06/30/2026	-	-	-	1,352,018.76
10/01/2026	-	431,984.38	431,984.38	-
04/01/2027	-	50,656.25	50,656.25	-
06/30/2027	-	-	-	482,640.63
10/01/2027	-	450,656.25	450,656.25	-
04/01/2028	-	43,656.25	43,656.25	-
06/30/2028	-	-	-	494,312.50
10/01/2028	-	443,656.25	443,656.25	-
04/01/2029	-	36,406.25	36,406.25	-
06/30/2029	-	-	-	480,062.50
10/01/2029	-	461,406.25	461,406.25	-
04/01/2030	-	28,437.50	28,437.50	-
06/30/2030	-	-	-	489,843.75
10/01/2030	-	478,437.50	478,437.50	-
04/01/2031	-	20,000.00	20,000.00	-
06/30/2031	-	-	-	498,437.50
10/01/2031	-	495,000.00	495,000.00	-
04/01/2032	-	10,500.00	10,500.00	-
06/30/2032	-	-	-	505,500.00
10/01/2032	-	535,500.00	535,500.00	-
06/30/2033	-	-	-	535,500.00
Total	\$6,964,600.00	\$5,166,421.94	\$12,131,021.94	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/03/2020
Average Life.....	5.106 Years
Average Coupon.....	3.8282687%
Weighted Average Maturity (Par Basis).....	5.106 Years
Weighted Average Maturity (Original Price Basis).....	5.106 Years

Refunding Bond Information

Refunding Dated Date.....	7/03/2020
Refunding Delivery Date.....	7/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$9,320,000 General Obligation Refunding Bonds, Series 2006
Dated: December 15, 2006
2006 Only

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/03/2020	-	-	-	-	-	-	-
08/02/2020	6,115,000.00	82,212.78	6,197,212.78	-	-	-	-
10/01/2020	-	-	-	-	-	122,300.00	122,300.00
04/01/2021	-	-	-	1,040,000.00	4.000%	122,300.00	1,162,300.00
10/01/2021	-	-	-	-	-	101,500.00	101,500.00
04/01/2022	-	-	-	1,035,000.00	4.000%	101,500.00	1,136,500.00
10/01/2022	-	-	-	-	-	80,800.00	80,800.00
04/01/2023	-	-	-	1,025,000.00	4.000%	80,800.00	1,105,800.00
10/01/2023	-	-	-	-	-	60,300.00	60,300.00
04/01/2024	-	-	-	1,015,000.00	4.000%	60,300.00	1,075,300.00
10/01/2024	-	-	-	-	-	40,000.00	40,000.00
04/01/2025	-	-	-	1,005,000.00	4.000%	40,000.00	1,045,000.00
10/01/2025	-	-	-	-	-	19,900.00	19,900.00
04/01/2026	-	-	-	995,000.00	4.000%	19,900.00	1,014,900.00
Total	\$6,115,000.00	\$82,212.78	\$6,197,212.78	\$6,115,000.00	-	\$849,600.00	\$6,964,600.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/03/2020
Average Life.....	3.218 Years
Average Coupon.....	4.000000%
Weighted Average Maturity (Par Basis).....	3.218 Years
Weighted Average Maturity (Original Price Basis).....	3.218 Years

Refunding Bond Information

Refunding Dated Date.....	7/03/2020
Refunding Delivery Date.....	7/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2006 | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$4,750,000 General Obligation School Bonds, Series 2010
Dated: August 10, 2010
2010 Only

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/03/2020	-	-	-	-	-	-	-
08/02/2020	3,950,000.00	47,423.18	3,997,423.18	-	-	-	-
10/01/2020	-	-	-	100,000.00	2.625%	70,546.88	170,546.88
04/01/2021	-	-	-	-	-	69,234.38	69,234.38
10/01/2021	-	-	-	100,000.00	2.750%	69,234.38	169,234.38
04/01/2022	-	-	-	-	-	67,859.38	67,859.38
10/01/2022	-	-	-	150,000.00	3.000%	67,859.38	217,859.38
04/01/2023	-	-	-	-	-	65,609.38	65,609.38
10/01/2023	-	-	-	150,000.00	3.000%	65,609.38	215,609.38
04/01/2024	-	-	-	-	-	63,359.38	63,359.38
10/01/2024	-	-	-	200,000.00	3.125%	63,359.38	263,359.38
04/01/2025	-	-	-	-	-	60,234.38	60,234.38
10/01/2025	-	-	-	200,000.00	3.250%	60,234.38	260,234.38
04/01/2026	-	-	-	-	-	56,984.38	56,984.38
10/01/2026	-	-	-	375,000.00	3.375%	56,984.38	431,984.38
04/01/2027	-	-	-	-	-	50,656.25	50,656.25
10/01/2027	-	-	-	400,000.00	3.500%	50,656.25	450,656.25
04/01/2028	-	-	-	-	-	43,656.25	43,656.25
10/01/2028	-	-	-	400,000.00	3.625%	43,656.25	443,656.25
04/01/2029	-	-	-	-	-	36,406.25	36,406.25
10/01/2029	-	-	-	425,000.00	3.750%	36,406.25	461,406.25
04/01/2030	-	-	-	-	-	28,437.50	28,437.50
10/01/2030	-	-	-	450,000.00	3.750%	28,437.50	478,437.50
04/01/2031	-	-	-	-	-	20,000.00	20,000.00
10/01/2031	-	-	-	475,000.00	4.000%	20,000.00	495,000.00
04/01/2032	-	-	-	-	-	10,500.00	10,500.00
10/01/2032	-	-	-	525,000.00	4.000%	10,500.00	535,500.00
Total	\$3,950,000.00	\$47,423.18	\$3,997,423.18	\$3,950,000.00	-	\$1,216,421.94	\$5,166,421.94

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/03/2020
Average Life.....	8.029 Years
Average Coupon.....	3.7217215%
Weighted Average Maturity (Par Basis).....	8.029 Years
Weighted Average Maturity (Original Price Basis).....	8.029 Years

Refunding Bond Information

Refunding Dated Date.....	7/03/2020
Refunding Delivery Date.....	7/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

School Bonds, Series 2010 | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020
All Combined

Estimated Debt Service Schedule (By Payment Date and By Fiscal Year)

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/03/2020	-	-	-	-	-
10/01/2020	-	-	21,246.50	21,246.50	-
04/01/2021	1,365,000.00	0.400%	43,458.75	1,408,458.75	-
06/30/2021	-	-	-	-	1,429,705.25
10/01/2021	-	-	40,728.75	40,728.75	-
04/01/2022	1,300,000.00	0.450%	40,728.75	1,340,728.75	-
06/30/2022	-	-	-	-	1,381,457.50
10/01/2022	-	-	37,803.75	37,803.75	-
04/01/2023	1,300,000.00	0.550%	37,803.75	1,337,803.75	-
06/30/2023	-	-	-	-	1,375,607.50
10/01/2023	-	-	34,228.75	34,228.75	-
04/01/2024	1,250,000.00	0.650%	34,228.75	1,284,228.75	-
06/30/2024	-	-	-	-	1,318,457.50
10/01/2024	-	-	30,166.25	30,166.25	-
04/01/2025	1,255,000.00	0.700%	30,166.25	1,285,166.25	-
06/30/2025	-	-	-	-	1,315,332.50
10/01/2025	-	-	25,773.75	25,773.75	-
04/01/2026	1,205,000.00	0.900%	25,773.75	1,230,773.75	-
06/30/2026	-	-	-	-	1,256,547.50
10/01/2026	-	-	20,351.25	20,351.25	-
04/01/2027	350,000.00	1.050%	20,351.25	370,351.25	-
06/30/2027	-	-	-	-	390,702.50
10/01/2027	-	-	18,513.75	18,513.75	-
04/01/2028	365,000.00	1.150%	18,513.75	383,513.75	-
06/30/2028	-	-	-	-	402,027.50
10/01/2028	-	-	16,415.00	16,415.00	-
04/01/2029	355,000.00	1.250%	16,415.00	371,415.00	-
06/30/2029	-	-	-	-	387,830.00
10/01/2029	-	-	14,196.25	14,196.25	-
04/01/2030	370,000.00	1.550%	14,196.25	384,196.25	-
06/30/2030	-	-	-	-	398,392.50
10/01/2030	-	-	11,328.75	11,328.75	-
04/01/2031	380,000.00	1.750%	11,328.75	391,328.75	-
06/30/2031	-	-	-	-	402,657.50
10/01/2031	-	-	8,003.75	8,003.75	-
04/01/2032	395,000.00	1.850%	8,003.75	403,003.75	-
06/30/2032	-	-	-	-	411,007.50
10/01/2032	-	-	4,350.00	4,350.00	-
04/01/2033	435,000.00	2.000%	4,350.00	439,350.00	-
06/30/2033	-	-	-	-	443,700.00
Total	\$10,325,000.00	-	\$588,425.25	\$10,913,425.25	-

Yield Statistics

Bond Year Dollars.....	\$50,571.39
Average Life.....	4.898 Years
Average Coupon.....	1.1635537%
Net Interest Cost (NIC).....	1.2452204%
True Interest Cost (TIC).....	1.2379838%
Bond Yield for Arbitrage Purposes.....	1.1530993%
All Inclusive Cost (AIC).....	1.4161745%

IRS Form 8038

Net Interest Cost.....	1.1635537%
Weighted Average Maturity.....	4.898 Years

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020
All Combined

Estimated Debt Service Schedule (By Budget Year)

Date	Principal	Coupon	Interest	Total P+I
06/30/2021	1,365,000.00	0.400%	64,705.25	1,429,705.25
06/30/2022	1,300,000.00	0.450%	81,457.50	1,381,457.50
06/30/2023	1,300,000.00	0.550%	75,607.50	1,375,607.50
06/30/2024	1,250,000.00	0.650%	68,457.50	1,318,457.50
06/30/2025	1,255,000.00	0.700%	60,332.50	1,315,332.50
06/30/2026	1,205,000.00	0.900%	51,547.50	1,256,547.50
06/30/2027	350,000.00	1.050%	40,702.50	390,702.50
06/30/2028	365,000.00	1.150%	37,027.50	402,027.50
06/30/2029	355,000.00	1.250%	32,830.00	387,830.00
06/30/2030	370,000.00	1.550%	28,392.50	398,392.50
06/30/2031	380,000.00	1.750%	22,657.50	402,657.50
06/30/2032	395,000.00	1.850%	16,007.50	411,007.50
06/30/2033	435,000.00	2.000%	8,700.00	443,700.00
Total	\$10,325,000.00	-	\$588,425.25	\$10,913,425.25

Yield Statistics

Bond Year Dollars.....	\$50,571.39
Average Life.....	4.898 Years
Average Coupon.....	1.1635537%
Net Interest Cost (NIC).....	1.2452204%
True Interest Cost (TIC).....	1.2379838%
Bond Yield for Arbitrage Purposes.....	1.1530993%
All Inclusive Cost (AIC).....	1.4161745%

IRS Form 8038

Net Interest Cost.....	1.1635537%
Weighted Average Maturity.....	4.898 Years

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Projected Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
04/01/2021	Serial Coupon	0.400%	0.400%	1,365,000.00	100.000%	1,365,000.00
04/01/2022	Serial Coupon	0.450%	0.450%	1,300,000.00	100.000%	1,300,000.00
04/01/2023	Serial Coupon	0.550%	0.550%	1,300,000.00	100.000%	1,300,000.00
04/01/2024	Serial Coupon	0.650%	0.650%	1,250,000.00	100.000%	1,250,000.00
04/01/2025	Serial Coupon	0.700%	0.700%	1,255,000.00	100.000%	1,255,000.00
04/01/2026	Serial Coupon	0.900%	0.900%	1,205,000.00	100.000%	1,205,000.00
04/01/2027	Serial Coupon	1.050%	1.050%	350,000.00	100.000%	350,000.00
04/01/2028	Serial Coupon	1.150%	1.150%	365,000.00	100.000%	365,000.00
04/01/2029	Serial Coupon	1.250%	1.250%	355,000.00	100.000%	355,000.00
04/01/2030	Serial Coupon	1.550%	1.550%	370,000.00	100.000%	370,000.00
04/01/2031	Serial Coupon	1.750%	1.750%	380,000.00	100.000%	380,000.00
04/01/2032	Serial Coupon	1.850%	1.850%	395,000.00	100.000%	395,000.00
04/01/2033	Serial Coupon	2.000%	2.000%	435,000.00	100.000%	435,000.00
Total	-	-	-	\$10,325,000.00	-	\$10,325,000.00

Bid Information

Par Amount of Bonds.....	\$10,325,000.00
Gross Production.....	\$10,325,000.00
Total Underwriter's Discount (0.400%).....	\$(41,300.00)
Bid (99.600%).....	10,283,700.00
Total Purchase Price.....	\$10,283,700.00
Bond Year Dollars.....	\$50,571.39
Average Life.....	4.898 Years
Average Coupon.....	1.1635537%
Net Interest Cost (NIC).....	1.2452204%
True Interest Cost (TIC).....	1.2379838%

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Current Refunding Escrow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
07/03/2020	-	-	-	0.57	-	0.57
08/02/2020	10,193,630.00	0.120%	1,005.39	10,194,635.39	10,194,635.96	-
Total	\$10,193,630.00	-	\$1,005.39	\$10,194,635.96	\$10,194,635.96	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Unrestricted
Cash Deposit.....	0.57
Cost of Investments Purchased with Bond Proceeds.....	10,193,630.00
Total Cost of Investments.....	\$10,193,630.57
Target Cost of Investments at bond yield.....	\$10,185,197.88
Actual positive or (negative) arbitrage.....	(8,432.69)
Yield to Receipt.....	0.1224677%
Yield for Arbitrage Purposes.....	1.1530993%
State and Local Government Series (SLGS) rates for.....	6/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Current Refunding Escrow Summary Cost

Maturity	Type	Coupon	Yield	\$ Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Current Refunding Escrow								
08/02/2020	SLGS-CI	0.120%	0.120%	100.0000000%	10,193,630	10,193,630.00	-	10,193,630.00
Subtotal		-	-	-	\$10,193,630	\$10,193,630.00	-	\$10,193,630.00
Total		-	-	-	\$10,193,630	\$10,193,630.00	-	\$10,193,630.00

Current Refunding Escrow

Cash Deposit.....	0.57
Cost of Investments Purchased with Bond Proceeds.....	10,193,630.00
Total Cost of Investments.....	\$10,193,630.57

Delivery Date..... 7/03/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Primary Purpose Fund Proof Of Yield @ 0.1224677%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/03/2020	-	1.0000000x	-	-
08/02/2020	10,194,635.39	0.9999014x	10,193,630.00	10,193,630.00
Total	\$10,194,635.39	-	\$10,193,630.00	-

Composition Of Initial Deposit

Cost of Investments Purchased with Bond Proceeds.....	10,193,630.00
Adjusted Cost of Investments.....	10,193,630.00

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Refunding Summary

Dated 07/03/2020 | Delivered 07/03/2020

Sources Of Funds

Par Amount of Bonds.....	\$10,325,000.00
Total Sources.....	\$10,325,000.00

Uses Of Funds

Total Underwriter's Discount (0.400%).....	41,300.00
Costs of Issuance.....	85,838.75
Deposit to Current Refunding Fund.....	10,193,630.57
Rounding Amount.....	4,230.68
Total Uses.....	\$10,325,000.00

Flow of Funds Detail

State and Local Government Series (SLGS) rates for.....	6/03/2020
Date of OMP Candidates.....	
Current Refunding Escrow Solution Method.....	Net Funded
Total Cost of Investments.....	\$10,193,630.57
Interest Earnings @ 0.122%.....	1,005.39
Total Draws.....	\$10,194,635.96

Issues Refunded, Refunded Par And Call Dates

Ref Bonds, Series 2006 [Par 10,065,000.00] [Avg Cp].....	8/02/2020
School Bonds, Series 2010 [Par 10,065,000.00] [Avg].....	8/02/2020

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 1.416%(AIC).....	1,139,041.67
Contingency or Rounding Amount.....	4,230.68
Net Present Value Benefit.....	\$1,143,272.35
Net PV Benefit / \$10,065,000 Refunded Principal.....	11.359%
Net PV Benefit / \$10,325,000 Refunding Principal.....	11.073%
Average Annual Cash Flow Savings.....	93,661.28
Total New Net D/S.....	10,913,425.25
Total Prior D/S.....	12,131,021.94
Total Cashflow Savings.....	1,217,596.69

Bond Statistics

Average Life.....	4.898 Years
Average Coupon.....	1.1635537%
Net Interest Cost (NIC).....	1.2452204%
Bond Yield for Arbitrage Purposes.....	1.1530993%
True Interest Cost (TIC).....	1.2379838%
All Inclusive Cost (AIC).....	1.4161745%

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Proof of Bond Yield @ 1.1530993%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/03/2020	-	1.0000000x	-	-
10/01/2020	21,246.50	0.9971934x	21,186.87	21,186.87
04/01/2021	1,408,458.75	0.9914770x	1,396,454.45	1,417,641.32
10/01/2021	40,728.75	0.9857934x	40,150.13	1,457,791.45
04/01/2022	1,340,728.75	0.9801424x	1,314,105.10	2,771,896.55
10/01/2022	37,803.75	0.9745238x	36,840.65	2,808,737.20
04/01/2023	1,337,803.75	0.9689374x	1,296,248.06	4,104,985.26
10/01/2023	34,228.75	0.9633830x	32,975.40	4,137,960.66
04/01/2024	1,284,228.75	0.9578605x	1,230,111.94	5,368,072.60
10/01/2024	30,166.25	0.9523696x	28,729.42	5,396,802.02
04/01/2025	1,285,166.25	0.9469102x	1,216,936.99	6,613,739.01
10/01/2025	25,773.75	0.9414821x	24,265.52	6,638,004.53
04/01/2026	1,230,773.75	0.9360851x	1,152,108.92	7,790,113.45
10/01/2026	20,351.25	0.9307190x	18,941.30	7,809,054.75
04/01/2027	370,351.25	0.9253837x	342,717.01	8,151,771.76
10/01/2027	18,513.75	0.9200790x	17,034.11	8,168,805.88
04/01/2028	383,513.75	0.9148047x	350,840.18	8,519,646.05
10/01/2028	16,415.00	0.9095606x	14,930.44	8,534,576.49
04/01/2029	371,415.00	0.9043466x	335,887.90	8,870,464.39
10/01/2029	14,196.25	0.8991625x	12,764.74	8,883,229.13
04/01/2030	384,196.25	0.8940081x	343,474.56	9,226,703.68
10/01/2030	11,328.75	0.8888832x	10,069.94	9,236,773.62
04/01/2031	391,328.75	0.8837878x	345,851.56	9,582,625.18
10/01/2031	8,003.75	0.8787215x	7,033.07	9,589,658.25
04/01/2032	403,003.75	0.8736843x	352,098.04	9,941,756.29
10/01/2032	4,350.00	0.8686759x	3,778.74	9,945,535.03
04/01/2033	439,350.00	0.8636963x	379,464.97	10,325,000.00
Total	\$10,913,425.25	-	\$10,325,000.00	-

Derivation Of Target Amount

Par Amount of Bonds.....	\$10,325,000.00
Original Issue Proceeds.....	\$10,325,000.00

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Proof of True Interest Cost (TIC) @ 1.2379838%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/03/2020	-	1.0000000x	-	-
10/01/2020	21,246.50	0.9969877x	21,182.50	21,182.50
04/01/2021	1,408,458.75	0.9908544x	1,395,577.53	1,416,760.02
10/01/2021	40,728.75	0.9847588x	40,108.00	1,456,868.02
04/01/2022	1,340,728.75	0.9787007x	1,312,172.20	2,769,040.22
10/01/2022	37,803.75	0.9726799x	36,770.95	2,805,811.17
04/01/2023	1,337,803.75	0.9666961x	1,293,249.73	4,099,060.90
10/01/2023	34,228.75	0.9607492x	32,885.24	4,131,946.15
04/01/2024	1,284,228.75	0.9548388x	1,226,231.46	5,358,177.60
10/01/2024	30,166.25	0.9489648x	28,626.71	5,386,804.31
04/01/2025	1,285,166.25	0.9431269x	1,212,074.89	6,598,879.20
10/01/2025	25,773.75	0.9373250x	24,158.38	6,623,037.58
04/01/2026	1,230,773.75	0.9315587x	1,146,537.97	7,769,575.55
10/01/2026	20,351.25	0.9258279x	18,841.75	7,788,417.30
04/01/2027	370,351.25	0.9201323x	340,772.16	8,129,189.46
10/01/2027	18,513.75	0.9144718x	16,930.30	8,146,119.77
04/01/2028	383,513.75	0.9088461x	348,554.99	8,494,674.76
10/01/2028	16,415.00	0.9032551x	14,826.93	8,509,501.69
04/01/2029	371,415.00	0.8976984x	333,418.65	8,842,920.34
10/01/2029	14,196.25	0.8921759x	12,665.55	8,855,585.89
04/01/2030	384,196.25	0.8866874x	340,661.96	9,196,247.86
10/01/2030	11,328.75	0.8812326x	9,983.26	9,206,231.12
04/01/2031	391,328.75	0.8758114x	342,730.19	9,548,961.30
10/01/2031	8,003.75	0.8704236x	6,966.65	9,555,927.96
04/01/2032	403,003.75	0.8650689x	348,625.99	9,904,553.95
10/01/2032	4,350.00	0.8597471x	3,739.90	9,908,293.85
04/01/2033	439,350.00	0.8544581x	375,406.15	10,283,700.00
Total	\$10,913,425.25	-	\$10,283,700.00	-

Derivation Of Target Amount

Par Amount of Bonds.....	\$10,325,000.00
Total Underwriter's Discount (0.400%).....	\$(41,300.00)
Total Purchase Price.....	\$10,283,700.00

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
07/03/2020	-	-	-	-	-	-
04/01/2021	1,365,000.00	0.400%	100.000%	1,365,000.00	0.7444444x	1,016,166.67
04/01/2022	1,300,000.00	0.450%	100.000%	1,300,000.00	1.7444444x	2,267,777.78
04/01/2023	1,300,000.00	0.550%	100.000%	1,300,000.00	2.7444444x	3,567,777.78
04/01/2024	1,250,000.00	0.650%	100.000%	1,250,000.00	3.7444444x	4,680,555.56
04/01/2025	1,255,000.00	0.700%	100.000%	1,255,000.00	4.7444444x	5,954,277.78
04/01/2026	1,205,000.00	0.900%	100.000%	1,205,000.00	5.7444444x	6,922,055.56
04/01/2027	350,000.00	1.050%	100.000%	350,000.00	6.7444444x	2,360,555.56
04/01/2028	365,000.00	1.150%	100.000%	365,000.00	7.7444444x	2,826,722.22
04/01/2029	355,000.00	1.250%	100.000%	355,000.00	8.7444444x	3,104,277.78
04/01/2030	370,000.00	1.550%	100.000%	370,000.00	9.7444444x	3,605,444.44
04/01/2031	380,000.00	1.750%	100.000%	380,000.00	10.7444444x	4,082,888.89
04/01/2032	395,000.00	1.850%	100.000%	395,000.00	11.7444444x	4,639,055.56
04/01/2033	435,000.00	2.000%	100.000%	435,000.00	12.7444444x	5,543,833.33
04/01/2034	-	2.000%	100.000%	-	13.7444444x	-
Total	\$10,325,000.00	-	-	\$10,325,000.00	-	\$50,571,388.89

Description of Bonds

Final Maturity Date.....	4/01/2034
Issue price of entire issue.....	10,325,000.00
Stated Redemption at Maturity.....	10,325,000.00
Weighted Average Maturity = Bond Years/Issue Price.....	4.898 Years
Bond Yield for Arbitrage Purposes.....	1.1530993%

Uses of Proceeds of Issue

Proceeds used for accrued interest.....	-
Proceeds used for bond issuance costs (including underwriters' discount).....	127,138.75
Proceeds used for credit enhancement.....	-
Proceeds allocated to reasonably required reserve or replacement fund.....	-

Description of Refunded Bonds

Proceeds used to currently refund prior issue.....	10,193,630.57
Proceeds used to advance refund prior issue.....	-
Remaining weighted average maturity of the bonds to be currently refunded.....	5.106 Years
Remaining weighted average maturity of the bonds to be advance refunded.....	-
Last date on which the refunded bonds will be called.....	8/02/2020

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Form 8038 Refunded Bonds

Date	Type of Bond	Coupon	FV Principal	Price	Issue Price
Ref Bonds, Series 2006					
04/01/2021	Serial Coupon	4.000%	1,040,000.00	100.000%	1,040,000.00
04/01/2022	Serial Coupon	4.000%	1,035,000.00	100.000%	1,035,000.00
04/01/2023	Serial Coupon	4.000%	1,025,000.00	100.000%	1,025,000.00
04/01/2024	Serial Coupon	4.000%	1,015,000.00	100.000%	1,015,000.00
04/01/2025	Serial Coupon	4.000%	1,005,000.00	100.000%	1,005,000.00
04/01/2026	Serial Coupon	4.000%	995,000.00	100.000%	995,000.00
Subtotal		-	\$6,115,000.00	-	\$6,115,000.00
-		-	-	-	-
School Bonds, Series 2010					
10/01/2020	Serial Coupon	2.625%	100,000.00	100.000%	100,000.00
10/01/2021	Serial Coupon	2.750%	100,000.00	100.000%	100,000.00
10/01/2022	Serial Coupon	3.000%	150,000.00	100.000%	150,000.00
10/01/2023	Serial Coupon	3.000%	150,000.00	100.000%	150,000.00
10/01/2024	Serial Coupon	3.125%	200,000.00	100.000%	200,000.00
10/01/2025	Serial Coupon	3.250%	200,000.00	100.000%	200,000.00
10/01/2026	Serial Coupon	3.375%	375,000.00	100.000%	375,000.00
10/01/2027	Serial Coupon	3.500%	400,000.00	100.000%	400,000.00
10/01/2028	Serial Coupon	3.625%	400,000.00	100.000%	400,000.00
10/01/2029	Term 1 Coupon	3.750%	425,000.00	100.000%	425,000.00
10/01/2030	Term 1 Coupon	3.750%	450,000.00	100.000%	450,000.00
10/01/2031	Term 2 Coupon	4.000%	475,000.00	100.000%	475,000.00
10/01/2032	Term 2 Coupon	4.000%	525,000.00	100.000%	525,000.00
Subtotal		-	\$3,950,000.00	-	\$3,950,000.00
Total		-	\$10,065,000.00	-	\$10,065,000.00

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Sources & Uses

Dated 07/03/2020 | Delivered 07/03/2020

Sources Of Funds

Par Amount of Bonds.....	\$10,325,000.00
Total Sources.....	\$10,325,000.00

Uses Of Funds

Total Underwriter's Discount (0.400%).....	41,300.00
Costs of Issuance.....	85,838.75
Deposit to Current Refunding Fund.....	10,193,630.57
Rounding Amount.....	4,230.68
Total Uses.....	\$10,325,000.00

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/3/2020 | 1:10 PM

CITY OF TULLAHOMA, TN
\$10,325,000 General Obligation Refunding Bonds, Series 2020
Dated: July 3, 2020

Detail Costs Of Issuance

Dated 07/03/2020 | Delivered 07/03/2020

COSTS OF ISSUANCE DETAIL

Licensed Municipal Advisor - Stephens Inc.....	\$35,000.00
Bond Counsel - Bass, Berry & Sims.....	\$25,000.00
Rating Agency Fee - Moody's.....	\$23,000.00
Escrow Agent - U.S. Bank.....	\$500.00
Registration/Paying Agent- U.S. Bank.....	\$700.00
IPREO Electronic Bidding.....	\$1,638.75
TOTAL.....	\$85,838.75

Note: For comparison purposes only. Interest rates are subject to change based on market conditions available at the time of the actual competitive bid bond sale.

Ref Bonds, Series 2020 - | SINGLE PURPOSE | 6/ 3/2020 | 1:10 PM

Appendix C

Included Forms

Refunding Candidates

Series 2006

CT-0253 Form

Series 2010

CT-0253 Form

Appendix D

City of Tullahoma Debt Management Policy

RESOLUTION NO. 1533

**A RESOLUTION BY THE BOARD OF MAYOR AND ALDERMEN TO
ADOPT A DEBT POLICY FOR THE CITY OF TULLAHOMA,
TENNESSEE**

WHEREAS, the State of Tennessee requires each local government to adopt a debt management policy by January 1, 2012 that establishes standards in the issuance of public debt; and,

WHEREAS, said the City of Tullahoma desires to ensure not only compliance with state policy, but also provide for sound financial management; and

WHEREAS, a debt management policy is an important component of financial policy and establishes creditworthiness objectives; financial disclosure standards; policies on purposes, uses, and structure of debt; and debt administration guidelines.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF
MAYOR AND ALDERMEN OF TULLAHOMA, TENNESSEE** that the "City of Tullahoma, TN Debt Policy", as attached hereto and made part of this Resolution by reference be and the same is hereby adopted as the Debt Policy for the City of Tullahoma, Tennessee

**BE IT FURTHER RESOLVED BY THE BOARD OF MAYOR AND
ALDERMEN OF THE CITY OF TULLAHOMA, TENNESSEE** that this Resolution shall be in full force and effect from and after its passage, the public welfare requiring it, as enacted the 2 th day of December, 2011.

CITY OF TULLAHOMA



LANE CURLEE, MAYOR

ATTEST:



ROSEMARY WOMACK, CITY RECORDER

APPROVED AS TO FORM & LEGALITY:



RANDALL MORRISON, CITY ATTORNEY

Attachment to Resolution No. 1533

City of Tullahoma, TN Debt Policy

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City of Tullahoma, TN. Adoption of a debt management policy fulfills the requirements of the State of Tennessee. An additional goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

Definition of Debt: All obligations of the City to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of City resources. This includes but is not limited to notes, bond issues, capital leases, and loans of any type (whether from an outside source such as a bank or from another internal fund).

Approval of Debt: Bond anticipation notes, capital outlay notes, grant anticipation notes, and tax and revenue anticipation notes will be submitted to the State of Tennessee Comptroller's Office and the Board of Mayor and Aldermen prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the Board of Mayor and Aldermen; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

Transparency:

- The City shall comply with legal requirements for notice and for public meetings related to debt issuance.
- All notices shall be posted in the customary and required posting locations, including as required local newspapers.
- All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the citizens, Board of Mayor and Aldermen, and other stakeholders in a timely manner.
- The terms and life of each debt issue shall be clearly presented and disclosed to the citizens/members, Board of Mayor and Aldermen, and other stakeholders in a timely manner.
- A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens/members, Board of Mayor and Aldermen, and other stakeholders in a timely manner.

Role of Debt:

Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchase or construction identified through the capital improvement, regional development, transportation, or master process or plan. Short-term debt may

be used for certain projects and equipment financing as well as for operational borrowing; however, the City will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and close budget management.

Types and Limits of Debt:

- The City will seek to structure debt with level or declining debt service payments over the life of each individual bond issue or loan.
- As a rule, the City will not backload, use “wrap-around” techniques, balloon payments or other exotic formats to pursue the financing of projects. When refunding opportunities, natural disasters, other non-general fund revenues, or other external factors occur, the City may utilize non-level debt methods.
- The City may use capital leases to finance short-term projects.
- Bonds backed with a general obligations pledge often have lower interest rates than revenue bonds. The City may use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlap or significantly are the same as the property tax base of the City. The Board of Mayor and Aldermen and management are committed to maintaining rates and fee structures of revenue supported debt at levels that will not require a subsidy from the City’s General Fund. [This provision is necessary only if the City has a source of repayment for a revenue bond, such as a water or sewer system.]

Use of Variable Rate Debt:

- The City recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.
- However, the City also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:
 1. The City will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.
 2. Prior to entering into any variable rate debt obligation that is backed by insurance and secured by a liquidity provider, the Board of Mayor and Aldermen shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the insurance fail.
 3. Prior to entering into any variable rate debt obligation that is backed by a letter of credit provider, the Board of Mayor and Aldermen shall be informed of the potential affect on rates as well as any additional costs that might be incurred should the letter of credit fail.
 4. Prior to entering into any variable rate debt obligation, the Board of Mayor and Aldermen will be informed of any terms, conditions, fees, or

other costs associated with the prepayment of variable rate debt obligations.

5. The City shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

Use of Derivatives:

The City chooses not to use derivative or other exotic financial structures in the management of the City's debt portfolio.

Costs of Debt:

- All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the Board of Mayor and Aldermen in accordance with the notice requirements stated above.
- In cases of variable interest or non-specified costs, detailed explanation of the assumptions shall be provided along with the complete estimate of total costs anticipated to be incurred as part of the debt issue.
- Costs related to the repayment of debt, including liabilities for future years, shall be provided in context of the annual budgets from which such payments will be funded (i.e. General Obligations bonds in context of the General Fund, Revenue bonds in context of the dedicated revenue stream and related expenditures, loans and notes).

Refinancing Outstanding Debt:

- The City will refund debt when it is in the best financial interest of the City to do so. The decision to refinance must be explicitly approved by the governing body, and all plans for current or advance refunding of debt must be in compliance with state laws and regulations.
- The City will consider the following issues when analyzing possible refunding opportunities:
 1. Onerous Restrictions – Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.
 2. Restructuring for Economic Purposes – The City will refund debt when it is in the best financial interest of the City to do so. Such refunding may include restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, or to release reserve funds. Current refunding opportunities may be considered by the City if the refunding generates positive present value

savings, and the City may establish a minimum present value savings threshold for any refinancing.

3. Term of Refunding Issues – The City will refund bonds within the term of the originally issued debt. However, the City may consider maturity extension, when necessary to achieve a desired outcome, provided such extension is legally permissible. The City may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.
4. Escrow Structuring – The City shall utilize the least costly securities available in structuring refunding escrows. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the City from its own account.
5. Arbitrage – The City shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

Professional Services:

The City shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the City and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

- Counsel: The City shall enter into an engagement letter agreement with each lawyer or law firm representing the City in a debt transaction. (No engagement letter is required for any lawyer who is an employee of the City or lawyer or law firm which is under a general appointment or contract to serve as counsel to the City. The City does not need an engagement letter with counsel not representing the City, such as underwriters’ counsel.)
 - Financial Advisor: (If the City chooses to hire financial advisors) The City shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions. Whether in a competitive sale or negotiated sale, the financial advisor shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance or broker any other debt transactions for the City.
 - Underwriter: (If there is an underwriter) The City shall require the Underwriter to clearly identify itself in writing (e.g., in a response to a request for proposals or in promotional materials provided to an issuer) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the City with respect to that issue. The Underwriter must clarify its primary role as a purchaser of securities in an arm’s-length commercial transaction and that it has financial and other

interests that differ from those of the Entity. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Board of Mayor and Aldermen in advance of the pricing of the debt.

Conflicts:

- Professionals involved in a debt transaction hired or compensated by the City shall be required to disclose to the City existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the City to appreciate the significance of the relationships.
- Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

Review of Policy:

This policy shall be reviewed at least annually by the Board of Mayor and Aldermen with the approval of the annual budget. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.