STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

April 27, 2017

Honorable Tim Neal, Mayor
and Honorable City Council
City of Kingston
900 Waterford Place
Kingston, TN 37763

Dear Mayor Neal and Members of the Council:

This letter and report, and the plan of refunding (the "Plan"), are to be posted on the website of the City of Kingston (the "City"). Please provide a copy of this report to each member of the Governing Body and present it at the next scheduled board meeting.

This letter acknowledges receipt on April 21, 2017, of the City's request to review its Plan to issue an estimated $1,750,440 General Obligation Refunding Bonds, Series 2017 (the "Refunding Bonds") to current refund $1,740,000 of its variable rate loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (the "PBA"), dated June 15, 2012 (the "Refunded Loan Agreement"). The City plans to refund all of the outstanding maturities of the Refunded Loan Agreement with the exception of the May 25, 2017, maturity, which it will pay in full on its maturity date.

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our Office for review. 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.

City's Proposed Refunding Objective

The City indicated the purpose of the refunding is to prepay "the outstanding principal of a variable rate loan in order to convert such loan to a fixed rate."

Please note that the purchaser of the Refunding Bonds has the option at periodic intervals, with not less than 180 days' notice to put the Refunding Bonds to the City, or to reset the interest rate for another five year period, as described in the draft resolution. As a result, the interest rate is variable because it may be reset every five years.

Balloon Indebtedness

The City determined that this indebtedness is balloon indebtedness pursuant to T.C.A. § 9-21-134(d). The City stated that it intends to meet the requirements for the State Funding Board's Blanket Exemption for

Approval adopted at its December 16, 2014, meeting (the "Blanket Exemption"). The language in Section 5.(c) of the draft resolution authorizing the issuance of the bonds appears to meet the requirements of item 5 of the Blanket Exemption.

Private Negotiated Sale Approval

The approval of this Office is required when a City desires to sell refunding general obligation bonds 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 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.

Compliance with the City's Debt Management Policy

The City provided a copy of its debt management policy, and within forty-five days (45) 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 has not reported a 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 the Tennessee Municipal Bond Fund.

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.

Municipal Securities Rulemaking Board Notice 2011-52 on "Bank Loans" and Voluntary Disclosure

The Municipal Securities Rulemaking Board (MSRB) released regulatory notices: MSRB Notice 2011-52, providing guidance on the use of "bank loans" that could be a private placement of municipal securities subject to specific regulatory requirements including disclosure; and MSRB Notice 2012-18, encouraging the voluntary disclosure of bank loan financings through the MSRB's Electronic Municipal Market Access (EMMA®) website (emma.msrb.org). For more information see the preceding notices on the MSRB's website (msrb.org). To learn how to submit disclosure see the link at the bottom of the EMMA website labeled Submit Documents or the Education Center of the MSRB's website.

Report On Debt Obligation

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 mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. 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 letter or the following report, please feel free to call us.

Sincerely,

Sandra Thompson

Sandra Thompson
Director of the Office of State & Local Finance

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

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

REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE CONCERNING THE PROPOSED ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017 BY THE CITY OF KINGSTON, TENNESSEE

The City of Kingston (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-1003 regarding the entrance into an estimated $1,750,440 General Obligation Refunding Bonds, Series 2017 (the "Refunding Bonds") to current refund $1,740,000 of its variable rate loan agreement with the Public Building Authority of the City of Clarksville, Tennessee (the "PBA"), dated June 15, 2012 (the "Refunded Loan Agreement"). The City plans to refund all of the outstanding maturities of the Refunded Loan Agreement with the exception of the May 25, 2017, maturity, which it will pay in full on its maturity date.

The Plan was prepared with the assistance of the Tennessee Municipal Bond Fund. This Office has not performed an evaluation of the preparation, support, and underlying assumptions of the Plan, therefore this report provides no assurances of the reasonableness of those 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 City determined that this indebtedness is balloon indebtedness pursuant to T.C.A. § 9-21-134(d). The City stated that it intends to meet the requirements for the State Funding Board's Blanket Exemption for Approval adopted at its December 16, 2014, meeting (the "Blanket Exemption"). The language in Section 5.(c) of the draft resolution authorizing the issuance of the bonds appears to meet the requirements of item 5 of the Blanket Exemption.

City's Proposed Refunding Objective

The City indicated the purpose of the refunding is to prepay "the outstanding principal of a variable rate loan in order to convert such loan to a fixed rate."

Please note that the purchaser of the Refunding Bonds has the option at periodic intervals, with not less than 180 days' notice to put the Refunding Bonds to the City, or to reset the interest rate for another five year period, as described in the draft resolution. As a result, the interest rate is variable because it may be reset every five years.

Refunding Analysis

- The City will sell an estimated $1,750,440 Refunding Bonds by negotiated sale and priced at par.
- The Refunding Bonds are expected to be sold with an initial interest rate estimated to be 2.55% for the first five years. At the end of the five year interval the purchaser of the Refunding Bonds may reset the interest rate to the market rate at the time.
- The City is removing some, but not all of the risks associated with variable interest rate debt.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Loan Agreement.
- Estimated cost of issuance of the Refunding Bonds is $10,440, or $5.96 per $1,000 of par amount. See Table 1 for individual costs of issuance.

Table 1

Costs of Issuance of the Refunding Bonds

	Amount		Price per $1,000 bond	
Bond and Tax Counsel	$	1,750.00	$	1.00
Tennessee Municipal Bond Fund		8,690.00		4.96
Total Cost of Issuance	$	10,440.00	$	5.96

The City has not reported a 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 the Tennessee Municipal Bond Fund.

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

Sandra Thompson
Director of the Office of State and Local Finance
Date: April 27, 2017

PLAN OF REFUNDING
CITY OF KINGSTON, TENNESSEE
2012 PBA VARIABLE RATE LOAN

DATED APRIL 13, 2017

Pursuant to those certain guidelines, dated March 7, 2011, below is the required information in connection with a proposed refunding bond issue by the City of Kingston (the "City"):

Entity Information:

City Council
City of Kingston, Tennessee
900 Waterford Place
Kingston, Tennessee 37763

Mayor Tim Neal
Email: timothyneal@bellsouth.net

David L. Bolling, City Manger
Email: kingstoncitymanager@gmail.com

Carolyn Brewer, Finance Director
Email: kingstonfinance@att.net

We have been assisted by The Tennessee Municipal Bond Fund in obtaining interest rates on the proposed refunding bond issue. The contact information is below:

Tennessee Municipal Bond Fund
Linda Mooningham, Legal Coordinator
226 Capitol Boulevard, Suite 502
Nashville, Tennessee 37219

Phone: 615-255-1561
Email: lmooningham@tmbf.net

Timing:

The City Council would like to consider the necessary resolution authorizing the issuance of the refunding bond at its regular scheduled meeting to be held on May 9, 2017.

Specific Request:

The City is requesting a report of review on the plan of refunding submitted pursuant to Section 9-21-903, Tennessee Code Annotated, as amended.

Method of Sale:

The City is asking for permission to sell the refunding bond by negotiated sale in accordance with 9-31-910(c), Tennessee Code Annotated, as amended.

Purpose of Refunding:

The City wishes to prepay the outstanding principal of a variable rate loans in order to convert such loan to a fixed rate. The final maturity date of the outstanding variable rate loan will not be extended.

Statement of Compliance with City Debt Policy:

The City's Debt Policy provides for refinancing outstanding debt for various purposes, including when it is in the best financial interest of the City to do so. We have reviewed a refunding proposal after analyzing the variable rate loan as a refunding opportunity. The City has determined that it is in the best interest of the City to prepay the outstanding variable rate loan in order to obtain a fixed rate due to rates being low at this time. The City will also comply with the other provisions of the Debt Policy in connection with the refunding issue.

Debt to be Refunded:

The City has heretofore incurred indebtedness by the execution of that certain Loan Agreement, dated June 15 2012, in the original principal amount of $2,000,000, by and among the PBA City of Clarksville, the City, and Fifth Third Bank, maturing May 25, 2013 through May 25, 2037, which is outstanding in the principal amount of $1,740,000, after the payment on May 25, 2017 of $56,000 principal (the "2012 Loan"), with the proceeds having been used to finance a new City Hall for the City, and to pay costs incident to incurring the indebtedness.

The 2012 Loan will be outstanding in the principal amount of $1,740,000 (after the May 25, 2017 principal payment of $56,000) and will mature May 25, 2018 through May 25, 2037 (after the May 25, 2017 payment).

The City has received an indicative interest rate quote of 2.55% for the refunding bond issue from a bank which would buy the refunding bond as a private placement.

The City wishes to currently refund the 2012 Loan in order to convert it to a fixed rate of interest due to rates being low.

The refunding bond will mature May 1, 2018 through May 1, 2037, with the same principal payments as the 2012 Loan.

The refunding bond will be a general obligation debt of the City. The 2012 Loan is also a general obligation debt of the City.

The loan evidenced by the Loan Agreement is subject to prepayment at the option of the City at any time at the price of par plus accrued interest and fees to the date of redemption.

Series 2012 Loan to be refunded:

Loan Agreement by and among the City, PBA City of Clarksville, and Fifth Third Bank
Dated: June 15, 2012
Tax-exempt
Authorizing resolutions adopted by City Council on March 13, 2012
Proceeds used as described above – maturity is not being extended
Attached is a copy of the CT-0253 which was filed in connection with the loan

Original Principal Amount	$2,000,000
Principal Currently Outstanding	$1,796,000
Principal to be Refunded	$1,740,000 (after 5/25/17 payment of $56,000)
Current Interest Rate:	VR
Remaining weighted average maturity	11.728

Refunding Debt:

General Obligation Refunding Bond, Series 2017

Maximum Principal Amount	$1,750,440
Proposed Interest Rate	2.55%
Mature:	05/01/2018 through 05/01/2037
Weighted average maturity of refunding bond	11.623

Costs of Issuance:

The all inclusive costs of issuance are $10,440

Bond and Tax Counsel	$ 1,750
TMBF	$ 8,690

The costs of issuance are added to the refunding bond issue.

Sources and Uses of Funds:

The sources and uses of funds are set forth on the attached exhibit

Balloon Indebtedness

The City is aware that the refunding bond issue is considered balloon indebtedness pursuant to T.C.A. Section 9-21-134(d) which would otherwise require approval of a plan of balloon indebtedness. However, the City intends to meet the requirements of the State Funding Board's Blanket Exemption under the Anti-Kicking the Can Act of 2014, which was approved at its December 16, 2014 meeting (the "Blanket Exemption"), which exempts the refunding bond from the statutory requirement for approval of a plan of balloon indebtedness. Section 5(c) of the enclosed Refunding Bond Resolution contains the language necessary to meet the requirements of the Blanket Exemption. The City will meet all of the other requirements of the Blanket Exemption, as well, in connection with the refunding bond issue.

Negotiated Sale:

The City requests approval of a private negotiated sale of the not exceed $1,750,440 General Obligation Refunding Bond, Series 2017. The City believes that a private negotiated sale

- is feasible,
- is in the best interests of the City, and
- that the General Obligation Refunding Bond, Series 2017 can be amortized together with all other obligations then outstanding.

The private negotiated sale is feasible for the following reason –

First Tennessee Bank National Association, Nashville, Tennessee, has agreed to buy the refunding bond by negotiated sale as a private placement, subject to the necessary State approval and credit approval.

However, the City will request new interest rate bids at the time of the sale of the refunding bond in order to obtain the lowest possible interest rate.

The private negotiated sale is in the best interests of the City because –

First Tennessee Bank National Association, Nashville, Tennessee, has agreed to buy the refunding bond by negotiated sale at a rate of not to exceed 2.55%. The rate will be locked in for a period of 5 years and will be subject to review at the end of such 5 year period. For the reasons stated above, the City feels that the negotiated sale versus a competitive public sale is in the best interests of the City due to the lower costs of issuance for the negotiated sale versus a competitive public sale.

The General Obligation Refunding Bond, Series 2017 can be amortized together with all other obligations of the City then outstanding.