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

September 6, 2016

Honorable Gary Cordell, Mayor
and Members of the Board of Commissioners
Coffee County
1329 McArthur Street, Suite 1
Manchester, TN 37355

Dear Mayor Cordell and Members of the Board:

Please provide a copy of this report to each member of the governing body at the public meeting during which the report is reviewed. Additionally, this letter, report, and plan of refunding (the "Plan"), are to be posted on the website of Coffee County (the "County").

This letter acknowledges receipt of a request on August 31, 2016, from the County to review the Plan for the issuance of a maximum $9,050,000 General Obligation Refunding Bonds, Series 2016 (the "Refunding Bonds"). The proceeds of the Refunding Bonds will be used to current refund $8,723,095 of the County's General Obligation Bonds, Series 2013A, maturing October 28, 2016, and thereafter (the "Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our Office for review. The information presented in the Plan includes the assertions of the County and may not reflect either current market conditions or market conditions at the time of sale.

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 County 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 County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is achieve debt service savings.

COMPLIANCE WITH THE COUNTY'S DEBT MANAGEMENT POLICY

The County 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 County amends its policy, please submit the amended policy to this office.

FINANCIAL PROFESSIONALS

The County has reported Cumberland Securities Company, Inc. ("CSC") as its municipal advisor. Municipal advisors have a fiduciary responsibility to the County. Underwriters have no fiduciary responsibility to the County. They represent the interests of their firm and are not required to act in the County's best interest without regard to their own or other interests. The Plan was prepared by the County with the assistance of its municipal advisor.

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 County 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. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than

fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

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

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

REPORT ON DEBT OBLIGATION

We are enclosing State Form CT-0253, Report on Debt Obligation. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the County 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. Bryan Burklin, Assistant Director, Division of Local Government Audit, COT
Mr. Chris Bessler, Cumberland Securities Company, Inc.
Mr. C. L. Overman, Cumberland Securities Company, Inc.
Ms. Karen Neal, Bass Berry & Sims

Encl: 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 COFFEE COUNTY, TENNESSEE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

Coffee County (the "County") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding the issuance of a maximum $9,050,000 General Obligation Refunding Bonds, Series 2016 (the "Refunding Bonds"). The proceeds of the Refunding Bonds will be used to current refund $8,723,095 of the County's General Obligation Bonds, Series 2013A, maturing October 28, 2016, and thereafter (the "Refunded Bonds").

The Plan was prepared with the assistance of the County's municipal advisor, Cumberland Securities Company, Inc. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. 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 than that of the Plan. The County 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 County 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 County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is achieve debt service savings.

REFUNDING ANALYSIS

- The results of the refunding are based on the issuance of $8,900,000 Refunding Bonds by competitive sale and priced at par.
- The estimated net present value savings of the refunding is $954,886 or approximately 10.95% of the refunded principal amount of $8,723,095.
- The refunding generates savings by reducing the average coupon of the Refunded Bonds from 3.13% to an average coupon of 2.36% for the Refunding Bonds, and by shortening the life of the debt from a final maturity of fiscal year 2053 for the Refunded Bonds to a final maturity of fiscal year 2040.
- Estimated cost of issuance of the Refunding Bonds is $176,148 or approximately $19.79 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 Par Value
Underwriter's Discount	$ 86,153	$ 9.68
Municipal Advisor	45,000	5.06
Bond Counsel	18,500	2.08
Rating Agency	14,000	1.57
Other Costs	12,495	1.40
Total Cost of Issuance	$ 176,148	$ 19.79

The County has identified Cumberland Securities Company, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the County. The assumptions included in the County's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the County 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 6, 2016