JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

April 16, 2019

Honorable Jim Lee, Mayor
and Honorable Board of Commissioners
Hawkins County
150 E. Washington Street, Suite 2
Rogersville, TN 37857

Dear Mayor Lee and Members of the Board:

This letter, report and plan of refunding (the "Plan") are to be published and posted on the website of Hawkins County (the "County"). Please provide a copy of the letter, report, and Plan to each Commissioner for review at the public meeting for the adoption of the refunding bond authorizing resolution.

We acknowledge receipt on April 16, 2019, of a request from the County to review its plan for the issuance of an estimated $22,635,000 General Obligation Refunding Bonds, Series 2019 (the "Series 2019 Refunding 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.

Financial Professionals

The Plan was prepared by the County with the assistance of its municipal advisor, Cumberland Securities Company, Inc. 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.

Compliance with the County's Debt Management Policy

The County 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. The County has drafted an amended Debt Management Policy to include a Balloon Debt Management Plan that discusses the County's goals to manage, reduce, and mitigate its current existing balloon debt. The County plans to approve the amended Debt Management Policy prior to approving the resolution authorizing the issuance of the Series 2019 Refunding Bonds. Please submit the amended policy to this office.

Plan of Refunding

The County intends to competitively sell approximately $22,635,000 Series 2019 Refunding Bonds priced at par to current refund the following bonds and loan agreement:

- $17,700,000 General Obligation Bonds, Series 2009 (Taxable Build America Bonds), dated August 28, 2009, maturing June 1, 2030 through June 1, 2038;
- $1,695,000 General Obligation Bonds, Series 2010 (Taxable Build America Bonds), dated June 22, 2010, maturing May 1, 2020 through May 1, 2025;
- $260,000 General Obligation Bonds, Series 2011, dated April 7, 2011, maturing May 1, 2020 and May 1, 2021;
- $1,300,000 General Obligation Bonds, Series 2013, dated July 10, 2013, maturing June 1, 2020 through June 1, 2025; and
- $1,380,000 Loan Agreement with the Public Building Authority of Blount County, Series B-15-A, dated May 15, 2008, maturing June 1, 2021 through June 1, 2022.

The total refunded principal is $22,335,000.

Report of the Review of a Plan of Refunding

The enclosed report must be presented to the County Commission for review prior to the adoption of a refunding bond authorizing resolution.

The enclosed report does not constitute approval or disapproval for the 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.

The enclosed report is effective for a period of ninety (90) days from the date of the report. If the refunding bonds have not been sold during the ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to this office. We will then issue a report on the new plan for the County Commission to review prior to adopting a new refunding bond authorizing resolution.

This letter and the enclosed report do not address 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.

Required Notification

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.

However, if it is determined prior to the issuance of the debt, that the actual results will significantly differ from the information provided in the submitted Plan and the County decides to proceed with the issue, the County Commission and our office should be notified after the sale by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the Chief Executive Officer was aware of the differences and determined to proceed with the issuance of the debt.

Notification will be necessary only if there is a change of ten percent (10%) or more in any of the following:

(1) An increase in the principal amount of the debt issued;
(2) An increase in costs of issuance; or
(3) A decrease in the cumulative savings or increase in the loss.

The notification must include an explanation for any significant differences and the justification for change of ten percent (10%) or more from the amounts in the plan. This notification should be presented to the County Commission and our office with the required filing of the Report on Debt Obligation, Form CT-0253.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website (emma.msrb.org).

Municipal Securities Rulemaking Board (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.

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 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 SLF.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 the form can be found on our website at: https://comptroller.tn.gov/office-functions/state-and-local-finance.html.

If you should have questions or need assistance, please feel free to contact your financial analyst, Steve Osborne, at 615.747.5343 or Steve.Osborne@cot.tn.gov. You may also contact our office by mail at the address located at the bottom of this page. Please send it to the attention of your analyst at the Office of State and Local Finance.

Sincerely,

Sandra Thompson

Sandra Thompson
Director of the Office of State and Local Finance

cc: Mr. Bryan Burklin, Assistant Director, Division of Local Government Audit
Mr. Eric Buchanan, Finance Director, Hawkins County
Mr. Chris Bessler, Cumberland Securities Company, Inc.
Mr. Scott Gibson, Cumberland Securities Company, Inc.
Mr. Mark Mamantov, Bass Berry & Sims

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

REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE CONCERNING THE PROPOSED ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019 HAWKINS COUNTY, TENNESSEE

Hawkins County (the "County") submitted a plan of refunding (the "Plan"), as required by TCA § 9-21-903 regarding the issuance of an estimated $22,635,000 General Obligation Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds").

The Plan was prepared with the assistance of the County's municipal advisor, Cumberland Securities Company, Inc. The assumptions of the plan are the assertions of the County. 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 Series 2019 Refunding Bonds may be issued with a structure different from that of the Plan.

Balloon Indebtedness

The County determined the structure of the Series 2019 Refunding Bonds presented in the Plan is balloon indebtedness and therefore, submitted a separate request for approval of a plan of balloon indebtedness in conjunction with its request for the review of the Plan. Approval of the Director of the Office of State and Local Finance is required prior to the County adopting the resolution authorizing the issuance of balloon indebtedness. The balloon indebtedness approval letter dated April 16, 2019, should be read aloud during the Commission meeting prior to reviewing this report and the consideration of the refunding bond resolution.

Compliance with the County's Debt Management Policy

The County 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. The County has drafted an amended Debt Management Policy to include a Balloon Debt Management Plan that discusses the County's goals to manage, reduce, and mitigate its current existing balloon debt. The County plans to approve the amended Debt Management Policy prior to approving the resolution authorizing the issuance of the Series 2019 Refunding Bonds. Please submit the amended policy to this office.

County's Proposed Refunding Objective

The Series 2019 Refunding Bonds are being issued to achieve net present value debt service savings.

Plan of Refunding

The County intends to competitively sell approximately $22,635,000 Series 2019 Refunding Bonds priced at par to current refund the following bonds and loan agreement:

- $17,700,000 General Obligation Bonds, Series 2009 (Taxable Build America Bonds), dated August 28, 2009, maturing June 1, 2030 through June 1, 2038;

- $1,695,000 General Obligation Bonds, Series 2010 (Taxable Build America Bonds), dated June 22, 2010, maturing May 1, 2020 through May 1, 2025;

- $260,000 General Obligation Bonds, Series 2011, dated April 7, 2011, maturing May 1, 2020 and May 1, 2021;

- $1,300,000 General Obligation Bonds, Series 2013, dated July 10, 2013, maturing June 1, 2020 through June 1, 2025; and

- $1,380,000 Loan Agreement with the Public Building Authority of Blount County, Series B-15-A, dated May 15, 2008, maturing June 1, 2021 through June 1, 2022.

Collectively these are the "Refunded Bonds." The total refunded principal is $22,335,000.

Refunding Analysis

- Results of the refunding assume that the County intends to sell $22,635,000 Series 2019 Refunding Bonds by competitive sale and priced at par.
- The estimated net present value debt service savings is $1,676,542 or 7.51% of the refunded principal amount of $22,335,000.
- The final maturity of the Series 2019 Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance for the Series 2019 Refunding Bonds is $300,000 or $13.25 per $1,000 of the par amount. See Table 1 for individual costs of issuance.

Table 1
Costs of Issuance
General Obligation Refunding Bonds, Series 2019

	Amount	Price per $1,000 Bond
Estimated Underwriter's Discount	$ 165,505	$ 7.31
Municipal Advisor (Cumberland Securities)	75,000	3.31
Bond Counsel (Bass Berry & Sims)	26,000	1.15
Rating Agency	22,000	0.97
Miscellaneous	11,495	0.51
Total Cost of Issuance	$ 300,000	$ 13.25

The County has indicated that Cumberland Securities Company, Inc., is 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 the Refunded Bonds are not refunded as a part of the Series 2019 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.

This report is effective for a period of ninety (90) days from the date of the report. If the refunding transaction has not been priced during this ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to this office.

Sandra Thompson
Sandra Thompson
Director of the Office of State and Local Finance
Date: April 16, 2019