

RESOLUTION 20-72

A RESOLUTION TO RESCIND RESOLUTION NUMBERS 20-14 AND 20-15, AUTHORIZING THE ISSUANCE OF \$25 MILLION IN GENERAL OBLIGATION DEBT THROUGH THE TENNESSEE MUNICIPAL BOND FUND

WHEREAS, the City of Spring Hill adopted Resolution No. 20-14, an Initial Resolution authorizing the issuance of \$25 million in debt through the Public Building Authority of the City of Clarksville, Tennessee (through the Tennessee Municipal Bond Fund) and Resolution No. 20-15, authorizing the related Loan Agreement for the borrowing of those funds; and

WHEREAS, over the past 3 months, global pandemic events impacting the current financial market have resulted in extremely competitive interest rates for debt issues, making it advantageous for the City to issue low-interest, fixed rate debt for the life of loan; and

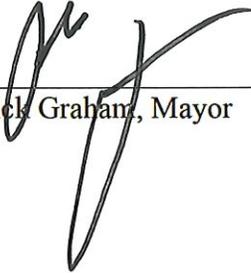
WHEREAS, in lieu of a loan through the Tennessee Municipal Bond Fund program, the City of Spring Hill desires to issue general obligation debt through a competitive sale in the bond market; and

WHEREAS, a new Initial Resolution and Detail Resolution have been prepared for the Board to authorize the issuance of the related \$25 million in general obligation debt; and

WHEREAS, to avoid having multiple resolutions authorizing the issuance of such debt, it is beneficial to rescind in their entirety Resolution Nos 20-14 and 20-15.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee, that Resolution Nos. 20-14 and 20-15 are hereby rescinded in their entirety.

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee, on the 15th day of June, 2020.



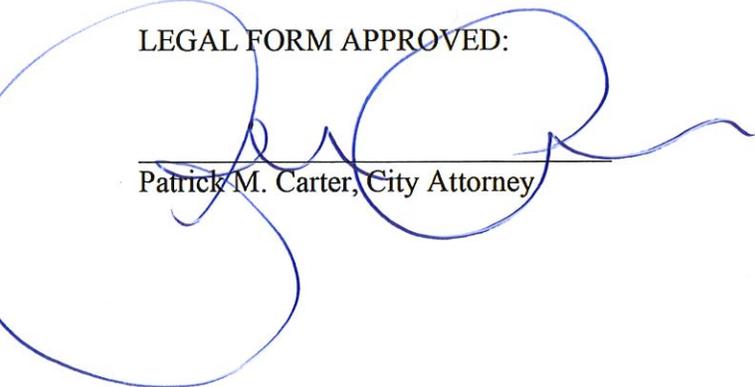
Rick Graham, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick M. Carter, City Attorney



**City of Spring Hill
Budget & Finance Advisory Committee
and
Board of Mayor and Aldermen**

Date: June 10, 2020

Memo to: Budget & Finance Advisory Committee and BOMA

From: Tonya Travis, Finance Director
Patti Amorello, Finance Associate

Re: Debt-related Resolutions for \$26.5 Million General Obligation Bond Issue –
Changes in Resolutions 20-73 and 20-74 from Work Session Versions

RESOLUTION 20-72 - A RESOLUTION TO RESCIND RESOLUTION NUMBERS 20-14 AND 20-15, AUTHORIZING THE ISSUANCE OF \$25 MILLION IN GENERAL OBLIGATION DEBT THROUGH THE TENNESSEE MUNICIPAL BOND

RESOLUTION NO. 20-73 (REVISED) - INITIAL RESOLUTION TO AUTHORIZE THE CITY OF SPRING HILL TO BORROW FUNDS AND INCUR INDEBTEDNESS IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$26,500,000 OF GENERAL OBLIGATION BONDS, SERIES 2020A

RESOLUTION NO. 20-74 (REVISED) - RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE AND PAYMENT OF NOT TO EXCEED \$26,500,000 GENERAL OBLIGATION BONDS, SERIES 2020A, OF THE CITY OF SPRING HILL, TENNESSEE, AND PROVIDING THE DETAILS THEREOF AND APPROVING THE BOND TAX COMPLIANCE POLICY FOR THE CITY AND BOND COUNSEL ENGAGEMENT LETTER.

BACKGROUND INFORMATION: In advance of issuing not to exceed \$25 million in debt for the upcoming I-65 Interchange and roadway/infrastructure projects, Resolutions No. 20-14 and 20-15 were adopted at the February 18, 2020 meeting to authorize the issuance of debt and a related loan agreement through the Tennessee Municipal Bond Fund. The loan was to be for 20 years with an interest rate of 2.87% for the first seven years of the loan.

Due to current market conditions, it would be in the City's best interest to issue debt through a traditional competitive sale through the bond market instead of through the Tennessee Municipal Bond Fund. Interest rates are at record lows, and the City would be able to obtain a low-interest fixed rate for the life of the loan.

Additionally, at the work session on June 1st, discussion took place related to including the refinancing of the \$1.375 million Fire Equipment Acquisition Capital Outlay Note, Series 2019, within the new debt issue (the proceeds of the note were used to reimburse the City for acquisition of a Pierce aerial fire truck and related equipment). That note was issued for 7 years at an annual interest rate of 2.75%. The refinanced balance of this note will be paid over a 5-year term. Estimated interest savings to be realized by refinancing this note are \$50,000.

Resolutions presented in conjunction with the debt issue include:

- 1) Resolution 20-72, which rescinds Resolutions 20-14 and 20-15 authorizing issuance of debt through the Bond Fund and approving the related loan agreement;
- 2) Resolution 20-73, an initial Bond Resolution authorizing the issuance of not to exceed \$26.5 million in General Obligation Bonds; and
- 3) Resolution 20-74, a Details Resolution authorizing the execution, terms, issuance, sale and payment of the bonds, providing the details of the bonds and approving the bond tax compliance policy and bond counsel engagement letter. In conjunction with the sale of the bonds, other costs will be incurred including the financial advisory fee, underwriting fees, rating agency fee, preparation of official statements, advertising and other miscellaneous expenses associated with the sale of the bonds. A complete breakdown of the estimated related expenses has been included as an attachment within the Preliminary Funding Analysis.

ATTACHMENTS: Resolutions 20-72, 20-73 (Revised), 20-74 (Revised) and Preliminary Funding Analysis

RECOMMENDATION: Recommend approval of Resolution 20-72, Resolution 20-73 and Resolution 20-74.

CITY OF SPRING HILL, TENNESSEE



Preliminary Funding Analysis

June 11, 2020

Prepared By:

Cumberland Securities Company, Inc.

Independent Registered Municipal Advisors

P.O. Box 22715

Knoxville, Tennessee 37933

Telephone: (865) 988-2663

Facsimile: (865) 988-1863



CUMBERLAND SECURITIES

SINCE 1931

Disclaimer and Disclosures

Cumberland Securities Company, Inc. (the "Advisor") is registered as a Municipal Advisory firm with the U.S. Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). A municipal advisory client brochure is posted on the website of the Municipal Securities Rulemaking Board (www.msrb.org) that describes the protections that may be provided by the Municipal Securities Rulemaking Board rules and how to file a complaint with an appropriate regulatory authority. The Advisor will maintain all required registrations with the SEC and the MSRB and the Advisor will disclose any legal or disciplinary events, including information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation, and other detailed information. The Issuer may electronically access the Advisor's most recent Form MA and each employee's most recent Form MA-1 filed with the Commission at <https://www.sec.gov/edgar/searchedgar/companysearch.html>. As of the date hereof, Cumberland Securities Company, Inc. has never had legal or disciplinary event.

The Advisor hereby discloses that it generally operates under a contingent fee form of compensation. Under a contingent fee form of compensation, payment of the Municipal Advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the Issuer, it presents a conflict because the Advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. All recommended financings are reviewed by the firm to confirm that they are suitable for each client. Upon execution of a Municipal Advisory Agreement, the Advisor will have a legally binding fiduciary responsibility to put the financial interests of the Issuer before its own. The Advisor hereby discloses that the determination of any municipal advisory fee or other compensation will be mutually agreeable between the Issuer and the Advisor pursuant to a Fee Letter.

The Advisor hereby discloses that it receives the use of a Bloomberg license courtesy of Raymond James and Associates. The use of this license is not contingent upon any specific existing or future business. All recommended financings and investments are reviewed by the firm to confirm that they are suitable for each client.

This presentation/report may contain "forward-looking" information. Such information may include, but not be limited to, projections, forecasts or estimates of cash flows, interest rate coupons, yields or potential debt service savings, scenario analyses and proposed or expected debt portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual results that may be available to you. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed.

IRS Circular 230 Disclosure: The Advisor and its employees are not in the business of providing, and do not provide, tax or legal advice. Any statements in this presentation regarding tax matters were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Risk Disclosures:

Fixed Rate Bonds		
Material Risk Consideration	Description of Risk	Potential Consequences
Issuer Default Risk	Possibility that the Issuer defaults under the authorizing documents	<ul style="list-style-type: none"> Range of available remedies may be brought against Issuer (e.g. forcing issuer to raise taxes or rates) Credit ratings negatively impacted Access to capital markets impaired Possibility of receivership or bankruptcy for certain issuers
Redemption Risk	The ability to redeem the bonds prior to maturity may be limited	<ul style="list-style-type: none"> Inability to refinance at lower interest rates
Refinancing Risk	Possibility that the bonds cannot be refinanced	<ul style="list-style-type: none"> Inability to refinance at lower interest rates
Reinvestment Risk	Possibility that the Issuer may be unable to invest unspent proceeds at or near the interest rate on the bonds	<ul style="list-style-type: none"> Negative arbitrage resulting in a higher cost of funds
Tax Compliance Risk	For tax-exempt bonds, possibility that failure to comply with tax-related covenants results in the bonds becoming taxable obligations	<ul style="list-style-type: none"> Increase in debt service costs retroactively to date of issuance Possible mandatory redemption of bonds affected Risk of IRS Audit Difficulty in refinancing the bonds Access to tax-exempt market impacted Difficulty in issuing future tax-exempt debt

Variable Rate Demand Bonds ("VRDB") / Floating Rate Notes ("FRN") / Bank Index Loan ("Index") / "Put Loan" (e.g. Fixed Rate for Five (5) Years, then Rate Resets to New Rate)		
Material Risk Consideration	Description of Risk (Type of Debt Risk Applicable to)	Potential Consequences
Interest Rate Risk	Possibility that the interest rate may increase on an interest reset date (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Increase in debt service cost (up to maximum rate) Lower debt service coverage Lower cash reserves
Index Risk	Possibility that the method of determining the index (LIBOR or SIFMA) could change Indices may be affected by factors unrelated to FRN's/Index Loan or the tax-exempt market (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Increase in debt service costs Lower debt service coverage Lower cash reserves Provision should be made for alternate mechanism to determine rate
Issuer Default Risk	Possibility that the Issuer defaults under the authorizing documents (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Range of available remedies may be brought against Issuer (e.g., forcing Issuer to raise taxes or revenues) Credit ratings negatively impacted Default could impact remarketing which could cause increase in debt service costs Access to capital markets impaired
Issuer Ratings Downgrade Risk	Possibility that a downgrade of the issuer's rating(s) may result in optional tenders or an increase in fees payable to the bank providing the liquidity facility (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Ratings change could impact remarketing which could cause an increase in debt service cost Higher liquidity facility fees resulting in higher cost of funds
Liquidity Risk	Possibility that VRDB's cannot be successfully remarketing, resulting in Bank Bonds (VRDB)	<ul style="list-style-type: none"> Increase in debt service costs due to higher bank bond rate and accelerated principle repayment May be required to refinance or term out the VRDO's Inability to refinance or possibly higher interest rates
Liquidity Provider Default Risk	Possibility that the bank providing the liquidity facility supporting the VRDO's defaults in its obligations under the liquidity facility (VRDB)	<ul style="list-style-type: none"> Issuer required to repay principal and accrued interest if Issuer is not able to refinance Increase in debt service costs
Liquidity Provider Ratings Downgrade	Possibility that a downgrade of the liquidity provider's rating(s) may result in optional tenders (VRDB)	<ul style="list-style-type: none"> Ratings change could impact remarketing which could cause an increase in debt service cost
Refinancing Risk	Possibility that the FRN, Index or Put Loan cannot be remarketed or refinanced (FRN, Index, Put Loans)	<ul style="list-style-type: none"> Hard Put: must repay principal and accrued interest or Event of Default Soft Put: higher interest rate on debt and higher debt service costs up to maximum rate Increase in debt service costs upon any refinancing Inability to refinance or possibly higher interest rates
Regulatory Risk	Possibility that prospective regulatory requirements increase cost of obtaining and maintaining the liquidity facility (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Increase in debt service costs Higher liquidity facility fees resulting in higher cost of funds
Reinvestment Risk	Possibility that the issuer may be unable to invest unspent proceeds at or near the interest rate on the bonds (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Negative arbitrage resulting in higher cost of funds
Remarketing Risk	Possibility that the remarketing agent does not perform its duties in a satisfactory manner or may resign or cease its remarketing efforts (VRDB)	<ul style="list-style-type: none"> Higher interest rates Difficulty remarketing the VRDO's May require appointment of a successor remarketing agent
Renewal Risk	Possibility that the facility or loan will not be extended for a successive commitment period or not be replaced at a reasonable cost (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Issuer required to repay principal and accrued interest on tender date if issuer is not able to refinance Increase in debt service costs
Tax Compliance Risk	For tax exempt bonds, possibility that failure to comply with tax related covenants result in the bonds becoming taxable obligations (VRDB, FRN, Index, Put Loans)	<ul style="list-style-type: none"> Increase in debt service costs retroactively to date of issuance Possible mandatory redemption of bonds affected Risk of IRS audit Difficulty in refinancing the bonds Access to tax exempt market impacted Difficulty in issuing future tax-exempt debt

City of Spring Hill, Tennessee

Preliminary Funding Analysis

Table of Contents

REPORT

PAGE

Debt Service Analysis

Est. Debt Service - \$26.50mm General Obligation Bonds, Series 2020A.....	1
Est. Debt Service - \$10.19mm General Obligation Refunding Bonds, Series 2020B.....	2
Estimated Combined Sources & Uses of Funds.....	3
Estimated Combined Costs of Issuance.....	4



CUMBERLAND SECURITIES

SINCE 1931



ESTIMATED DEBT SERVICE

Spring Hill, Tennessee
General Obligation Bonds, Series 2020A

Date	Principal	Estimated Coupon	Interest	Total P+I	Fiscal Total
06/01/2021	1,280,000.00	2.250%	498,531.25	1,778,531.25	1,778,531.25
06/01/2022	1,225,000.00	2.250%	567,450.00	1,792,450.00	1,792,450.00
06/01/2023	1,250,000.00	2.250%	539,887.50	1,789,887.50	1,789,887.50
06/01/2024	1,280,000.00	2.250%	511,762.50	1,791,762.50	1,791,762.50
06/01/2025	1,300,000.00	2.250%	482,962.50	1,782,962.50	1,782,962.50
06/01/2026	1,325,000.00	2.250%	453,712.50	1,778,712.50	1,778,712.50
06/01/2027	1,355,000.00	2.250%	423,900.00	1,778,900.00	1,778,900.00
06/01/2028	1,175,000.00	2.250%	393,412.50	1,568,412.50	1,568,412.50
06/01/2029	1,200,000.00	2.250%	366,975.00	1,566,975.00	1,566,975.00
06/01/2030	1,225,000.00	2.250%	339,975.00	1,564,975.00	1,564,975.00
06/01/2031	1,255,000.00	2.250%	312,412.50	1,567,412.50	1,567,412.50
06/01/2032	1,280,000.00	2.250%	284,175.00	1,564,175.00	1,564,175.00
06/01/2033	1,310,000.00	2.250%	255,375.00	1,565,375.00	1,565,375.00
06/01/2034	1,340,000.00	2.250%	225,900.00	1,565,900.00	1,565,900.00
06/01/2035	1,370,000.00	2.250%	195,750.00	1,565,750.00	1,565,750.00
06/01/2036	1,400,000.00	2.250%	164,925.00	1,564,925.00	1,564,925.00
06/01/2037	1,435,000.00	2.250%	133,425.00	1,568,425.00	1,568,425.00
06/01/2038	1,465,000.00	2.250%	101,137.50	1,566,137.50	1,566,137.50
06/01/2039	1,500,000.00	2.250%	68,175.00	1,568,175.00	1,568,175.00
06/01/2040	1,530,000.00	2.250%	34,425.00	1,564,425.00	1,564,425.00
	26,500,000.00		6,354,268.75	32,854,268.75	

Date Structure

Date 07/31/2020
First Coupon Date 12/01/2020

Yield Statistics

Average Coupon 2.2500000%
Weighted Average Maturity 10.657
True Interest Cost (TIC) 2.3605183%



ESTIMATED DEBT SERVICE

**Spring Hill, Tennessee
General Obligation Refunding Bonds, Series 2020B**

Date	Principal	Estimated Coupon	Interest	Total P+I	Fiscal Total
06/01/2021	725,000.00	1.020%	115,536.76	840,536.76	840,536.76
06/01/2022	750,000.00	1.060%	130,788.50	880,788.50	880,788.50
06/01/2023	755,000.00	1.090%	122,838.50	877,838.50	877,838.50
06/01/2024	765,000.00	1.120%	114,609.00	879,609.00	879,609.00
06/01/2025	775,000.00	1.140%	106,041.00	881,041.00	881,041.00
06/01/2026	785,000.00	1.180%	97,206.00	882,206.00	882,206.00
06/01/2027	790,000.00	1.220%	87,943.00	877,943.00	877,943.00
06/01/2028	800,000.00	1.260%	78,305.00	878,305.00	878,305.00
06/01/2029	810,000.00	1.300%	68,225.00	878,225.00	878,225.00
06/01/2030	825,000.00	1.400%	57,695.00	882,695.00	882,695.00
06/01/2031	835,000.00	1.600%	46,145.00	881,145.00	881,145.00
06/01/2032	760,000.00	2.000%	32,785.00	792,785.00	792,785.00
06/01/2033	375,000.00	2.100%	17,585.00	392,585.00	392,585.00
06/01/2034	380,000.00	2.200%	9,710.00	389,710.00	389,710.00
06/01/2035	60,000.00	2.250%	1,350.00	61,350.00	61,350.00
	10,190,000.00		1,086,762.76	11,276,762.76	

Date Structure

Date 07/31/2020
First Coupon Date 12/01/2020

Yield Statistics

Average Coupon 1.5234642%
Weighted Average Maturity 7.000
True Interest Cost (TIC) 1.6696760%



SOURCES AND USES OF FUNDS

Spring Hill, Tennessee
General Obligation Bonds, Series 2020 A&B

Dated Date 07/31/2020
Delivery Date 07/31/2020

Sources:	General Obligation Bonds, Series 2020A	General Obligation Refunding Bonds, Series 2020B	Total
Bond Proceeds:			
Par Amount	26,500,000.00	10,190,000.00	36,690,000.00
	26,500,000.00	10,190,000.00	36,690,000.00

Uses:	General Obligation Bonds, Series 2020A	General Obligation Refunding Bonds, Series 2020B	Total
Project Fund Deposits:			
Project Fund	24,726,300.00		24,726,300.00
Refunding Escrow Deposits:			
Cash Deposit	1,388,750.00	10,018,622.00	11,407,372.00
Delivery Date Expenses:			
Cost of Issuance	119,950.00	68,995.00	188,945.00
Underwriter's Discount:			
Underwriter's Discount (Awarded to Lowest Bidder)	265,000.00	102,383.00	367,383.00
	26,500,000.00	10,190,000.00	36,690,000.00



COST OF ISSUANCE

**Spring Hill, Tennessee
General Obligation Bonds, Series 2020 A&B**

	General Obligation Bonds, Series 2020A	General Obligation Refunding Bonds, Series 2020B	Total
Municipal Advisor	50,000.00	25,000.00	75,000.00
Bond Counsel	31,800.00	14,800.00	46,600.00
Rating Agency	25,700.00	17,500.00	43,200.00
Paying Agent	700.00	700.00	1,400.00
POS/Official Statement	6,250.00	5,000.00	11,250.00
Advertising	1,000.00	1,000.00	2,000.00
Miscellaneous	4,500.00	4,995.00	9,495.00
	119,950.00	68,995.00	188,945.00