



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

February 12, 2019

Honorable Dr. Ken Moore, Mayor
and Honorable Board of Aldermen
City of Franklin
109 Third Avenue South
Franklin, TN 37064

Dear Dr. Moore and Members of the Board:

This letter, report and plan of refunding (the "Plan") are to be published and posted on the website of the City of Franklin (the "City"). 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 February 4, 2019, of a request from the City to review its plan for the issuance of an estimated \$23,075,000 General Obligation Refunding Bonds, Series 2019B (the "Series 2019B 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 City and may not reflect either current market conditions or market conditions at the time of sale.

Financial Professionals

The Plan was prepared by the City with the assistance of its municipal advisor. The City has indicated that PFM Financial Advisors, LLC is its 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.

Compliance with the City's Debt Management Policy

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

Plan of Refunding

The City intends to competitively sell approximately \$23,075,000 Series 2019B Refunding Bonds priced at a premium to current refund its outstanding \$26,280,000 General Obligation Public Improvement Bonds, Series 2009B (Federally Taxable, Build America Bonds, Direct Payment) dated December 28, 2009 and maturing March 1, 2020 and thereafter.

Report of the Review of a Plan of Refunding

The enclosed report must be presented to the City's governing body 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 transaction has not been completed 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. We will then issue a report on the new plan for the governing body 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 City should discuss these issues with a bond counsel.

The City's plan was prepared with the assistance of its municipal advisor. The assumptions of the plan are the assertions of the City. An evaluation of the preparation, support and underlying assumptions of the plan has not been performed by this office. The enclosed report provides no assurances of the reasonableness of the underlying assumptions.

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 City decides to proceed with the issue, the City's governing body 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 City's governing body and our office with the required filing of the Report on Debt Obligation, Form CT-0253.

Municipal Securities Rulemaking Board (MSRB) Rule G-17

MSRB Rule G-17 requires underwriters and municipal advisors to deal fairly with the City 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 City's underwriter (if applicable) and municipal advisor, please read the information posted on the MSRB website: www.msrb.org.

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.

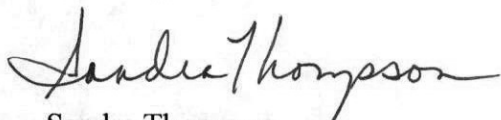
To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website (emma.msrb.org).

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 State.Local.Finance@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, Lori Barnard, at 615.747.5347 or Lori.Barnard@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
Director of the Office of State and Local Finance

cc: Ms. Jean Suh, Contract Audit Review Manager, Division of Local Government Audit
Ms. Kristine Tallent, Assistant City Administrator/CFO, City of Franklin
Ms. Lauren Lowe, PFM Financial Advisors, LLC
Ms. Lillian Blackshear, 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 2019B
BY THE CITY OF FRANKLIN, TENNESSEE**

The City of Franklin (the "City") submitted a plan of refunding (the "Plan"), as required by TCA § 9-21-903 regarding the issuance of an estimated \$23,075,000 General Obligation Refunding Bonds, Series 2019B (the "Series 2019B Refunding Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, PFM Financial Advisors, LLC. The assumptions of the plan are the assertions of the City. 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 2019B 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 structure of the Series 2019B Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the structure is revised, the City should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness.

City's Proposed Refunding Objective

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

Plan of Refunding

The City intends to competitively sell approximately \$23,075,000 Series 2019B Refunding Bonds priced at a premium to current refund its outstanding \$26,280,000 General Obligation Public Improvement Bonds, Series 2009B (Federally Taxable, Build America Bonds, Direct Payment) dated December 28, 2009 and maturing March 1, 2020 and thereafter (the "Refunded Bonds").

Refunding Analysis

- Results of the refunding assume that the City intends to sell \$23,075,000 Series 2019B Refunding Bonds by competitive sale and priced at a premium of \$3,625,679.
- The estimated net present value debt service savings is \$1,797,094 or 6.84% of the refunded principal amount of \$26,280,000, achieved by lowering the average coupon from 5.36% for the Refunded Bonds to 5.00% for the Series 2019B Refunding Bonds.
- The final maturity of the Series 2019B Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- The City intends to pay costs of issuance out of bond proceeds and will contribute \$4,121 to the refunding transaction from cash on hand.

- Estimated cost of issuance for the Series 2019B Refunding Bonds is \$202,949 or \$8.80 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

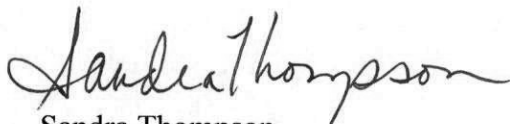
	Amount	Price per \$1,000 Bond
Estimated Underwriter's Discount	\$ 115,375	\$ 5.00
Municipal Advisor (PFM)	28,173	1.22
Bond Counsel (Bass, Berry & Sims)	24,697	1.07
Rating Agency	29,637	1.28
Miscellaneous	5,067	0.22
Total Cost of Issuance	\$ 202,949	\$ 8.80

The City has indicated that PFM Financial Advisors, LLC, 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 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 all the Refunded Bonds are not refunded as a part of the Series 2019B 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.

This report is effective for a period of ninety (90) days from the date of the report. If the refunding transaction has not been completed 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
Director of the Office of State and Local Finance
Date: February 12, 2019