

**REPORT OF THE TENNESSEE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
LOAN AGREEMENT WITH THE PUBLIC BUILDING AUTHORITY OF CLARKSVILLE, TENNESSEE
CITY OF CLINTON, TENNESSEE**

The City of Clinton (the "City") submitted a plan dated January 5, 2011, pursuant to *Tennessee Code Annotated* Section 9-21-903 as required by Section 12-10-116(b) regarding the proposed issuance of the following refunding loan agreement: the \$5,725,000 Loan Agreement with the Public Building Authority of Clarksville, Tennessee (the "2011 PBA Loan"), to currently refund the following outstanding Public Building Authority Loan Agreements (PBA Loans) and convert the remaining principal to a single long-term loan agreement:

- \$2,327,000 PBA Loan dated, October 10, 1995,
- \$788,000 PBA Loan dated, July 20, 1999,
- \$1,579,000 PBA Loan dated, August 26, 1999,
- \$247,500 five-year Capital Outlay Notes, Series 2007, dated May 29, 2007, and
- \$708,227 ten-year Capital Outlay Notes, Series 2010, dated May 28, 2010.

Collectively, these debt obligations are the "Outstanding Debt." The two Notes are the "Outstanding Notes." The three PBA Loans are the "Outstanding PBA Loans." A call premium of \$7,083 will be paid at the time of redemption.

The City's purpose in performing this refunding is to restructure its debt in order to incur new indebtedness and better manage its affairs and finances by reducing the variable interest rate volatility. This refunding restructures the Outstanding PBA Loans from a variable interest rate to a fixed interest rate structure. The Outstanding Notes are converted to a longer term. The final maturity for the 2011 PBA Loan Agreement is April 1, 2026. The final maturity for the Outstanding PBA Loans is May 25, 2020, for the outstanding Series 2007 Capital Outlay Notes is May 24, 2012, and for the outstanding Series 2010 Capital Outlay Notes is March 10, 2020. By extending the debt service to April 1, 2026, debt service in the years 2012 through 2020 is considerably reduced creating capacity for the additional debt service in the future.

A sources and uses schedule can be found on pages 2 and 3 of the letter. Total cost of issuance is \$57,250.00 or \$10.00 per \$1,000 of par amount for the 2011 PBA Loan.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the proposed 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 Refunded until their respective dates of maturity. This report is based on information as presented in the plan. The assumptions included in the City's plan may not reflect either current market conditions or market conditions at the time of sale.



Mary-Margaret Collier
Director of the Office of State and Local Finance
Date: March 14, 2011