STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
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December 3, 2012

Honorable Ernest Burgess, Mayor
Rutherford County
Room 101 County Courthouse
Murfreesboro, TN 37130

Dear Mayor Burgess:

This letter acknowledges receipt on November 28, 2012, of a request to review a plan of refunding (the "Plan") for an issuance of not to exceed $36,000,000 General Obligation Refunding Bonds, Series 2013B (Federally Taxable) (the "2013B Refunding Bonds"), to advance refund by competitive sale, an estimated:

- $19,285,000 General Obligation Refunding Bonds, Series 2004; and
- $11,695,000 General Obligation School Refunding Bonds, Series 2005 (collectively the "Refunded Bonds").

Pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated, a plan must be submitted to our Office for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the County. 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.

County's Proposed Refunding Objective

The 2013B Refunding Bonds are being issued for debt service savings. The Plan estimates net present value savings of $1,320,053 or 4.26% of the refunded principal.

Compliance with the County's Debt Management Policy

The County provided a copy of its debt management policy. When the County submits Form CT-0253 within 45 days of issuance of the debt approved in this letter, the County must describe, in specifics, how the debt complies with its Debt Policy. If a copy of the Policy has already been filed with the Office, the County does not have to resubmit a copy of the Policy if it is the current version of the policy.

Report of the Review of a Plan of Refunding

This letter, report, and the Plan are to be placed on the County's website. The same report is to be provided to each member of the County Commission and reviewed at the Public Meeting at which the proposed refunding bond resolution will be presented as required by Tennessee Code Annotated Section 9-21-903.

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.

Public Debt Entity Report

Enclosed is a revised Form CT-0253 - Report on Debt Obligation. The Form CT-0253 must be filed with the governing body of the public entity issuing the debt not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any public entity, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance either by mail to the address on this letterhead or by email to the address below. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

StateandLocalFinance.PublicDebtForm@cot.tn.gov

Sincerely,

Mary-Margaret Collier

Mary-Margaret Collier
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Ms. Lisa Nolen, Rutherford County
Mr. Sam Crewse, Stephens, Inc.
Ms. Karen Neal, Esq., Bass Berry & Sims PLC

Enclosures (2): Report of the Director of the Office of State & Local Finance, State Form CT-0253, 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 2013B
RUTHERFORD COUNTY, TENNESSEE

Rutherford County (the "County") submitted a plan of refunding (the "Plan"), as required by Tennessee Code Annotated Section 9-21-903 regarding an issuance of not to exceed $36,000,000 General Obligation Refunding Bonds, Series 2013B (Taxable) (the "2013B Refunding Bonds"), to advance refund by competitive sale, an estimated:

- $19,285,000 General Obligation Refunding Bonds, Series 2004; and
- $11,695,000 General Obligation School Refunding Bonds, Series 2005 (collectively the "Refunded Bonds").

The Plan was prepared with the assistance of the County's Financial Advisor Stephens, Inc. The County provided a copy of its debt management policy.

Refunding Analysis

- The results for the refunding are based on the assumption that the estimated $34,300,000 2013B Refunding Bonds will be sold by competitive sale and priced at a par.
- Each of the 2013 Refunded Bonds have been advance refunded on time as tax-exempt bonds and now must be refunded on a taxable basis to comply with federal tax laws.
- Estimated net present value savings are $1,320,053 or 4.26% of the refunded principal.
- The savings are achieved by reducing the average coupon of the Refunded Bonds from 4.89% to 1.53% for the 2013B Refunding Bonds. The 2013B Refunding Bonds do not extend the maturity schedule of the Refunded Bonds.
- The County plans to structure the 2013 Refunded Bonds to take the savings in fiscal years 2014-2016 but may choose to take the savings over a longer period of time.
- The County plans to transfer certain funds from the Debt Service Fund to the refunding escrow to cover most of the 2013 debt service for the Refunded Bonds.
- Estimated cost of issuance of the 2013B Refunding Bonds is $271,500 or $7.92 per $1,000 of par amount for the 2013B Refunding Bonds.

The County has identified Stephens, Inc. as its financial advisor. Financial 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.

This report does not provide broad approval to refund the Refunded Bonds in a bond issue other than the proposed 2013B Refunding Bonds. If all of the Refunded Bonds are not refunded as a part of the 2013B Refunding Bonds, then a new plan must be submitted to this Office for review.

Mary-Margaret Collier

Mary-Margaret Collier
Director of the Office of State and Local Finance
Date: December 3, 2012