



Jason E. Mumpower
Comptroller

October 15, 2021

Honorable Tim Kelly, Mayor
and Honorable City Council
City of Chattanooga
City Hall, 101 East 11th Street
Chattanooga, TN 37402

Dear Mayor Kelly and Members of City Council:

Thank you for your recent correspondence. We acknowledge receipt on October 1, 2021, of a request from the City of Chattanooga (the “City”) for a report on a plan of refunding (the “Plan”) for the City’s proposed issuance of an estimated \$21,995,000 General Obligation Refunding Bonds, Series 2021B.

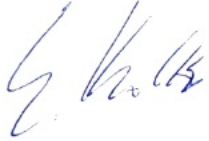
Pursuant to the provisions of Tennessee Code Annotated Title 9, Chapter 21, enclosed is a report based upon our review of the City’s Plan. The Plan, this letter, and the enclosed report should be made available on the City’s website and must be presented to each member of the Board for review prior to the adoption of an authorizing resolution for the refunding bonds.

Requirements After Debt is Issued

Our website contains specific compliance requirements your local government will be responsible for once the bonds are issued: <http://tncot.cc/debt>. The listing is not all inclusive and you should work with your financial advisor and bond counsel to ensure compliance with legal and regulatory requirements related to the proposed refunding.

If you should have questions or need assistance, please refer to our online resources on our website or feel free to contact your financial analyst, William Wood, at 615-401-7893 or william.wood@cot.tn.gov.

Very truly yours,



Betsy Knotts
Director of the Division of Local Government Finance

cc:

Ms. Jean Suh, Contract Audit Review Manager, Local Government Audit, COT

Ms. Daisy Madison, CPE, CGFM, Administrator / City Finance Officer

Ms. Lauren Lowe, PFM Financial Advisors LLC

Mr. Nick Yatsula, PFM Financial Advisors LLC

Mr. Craig Scully, Bond Counsel, Katten Muchin Rosenman

Enclosure: Report of the Director of the Division of Local Government Finance

BK:ww



**Report on General Obligation Refunding Bonds, Series 2021B
 The City of Chattanooga, Tennessee**

This report is being issued pursuant to Tenn. Code Ann. § 9-21-903 and is based upon information as presented in a plan of refunding (the “Plan”) received by our office on October 1, 2021, from the City of Chattanooga, Tennessee (the “City”). Our report provides information to assist the governing body in its responsibility to understand the nature of the refunding transaction, including the costs and benefits, prior to approving the issuance of the refunding bonds and is designed to provide consistent and comparable information for all local governments in Tennessee. This report does not constitute approval or disapproval of the Plan or a determination that a refunding is advantageous or necessary. This report and the City’s Plan must be presented to the governing body prior to the adoption of a resolution authorizing the refunding bonds.

COSTS:

Estimated costs of issuance are summarized below and based upon the principal amount of \$21,995,000 of the Series 2021B Refunding Bonds:

	Refunding	Total Price per \$1,000 Bond
Estimated Underwriter’s Discount	\$ 87,980	\$ 4.00
Financial Advisor (PFM Financial Advisors)	31,604	1.44
Bond Counsel (Katten, Muchin, & Rosenman)	35,000	1.59
Rating Agency	36,994	1.68
Miscellaneous Fees (Paying Agent, Etc.)	5,625	0.26
Total Cost of Issuance	\$ 197,203	\$ 8.97

BENEFITS:

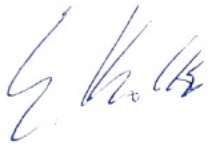
The City’s stated objective for the refunding is to achieve savings. The anticipated net present value savings are \$2,595,415, achieved by reducing the average interest rate on the debt.

Balloon Indebtedness

The proposed structure of the Series 2021B Refunding Bonds is not balloon indebtedness as defined in Tenn. Code Ann. § 9-21-133 because the City currently has a Standard and Poor's rating of AAA on some of its General Obligation debt.

Effective Date for this Report

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 our office. We will then issue a report on the new plan for the City's governing body to review prior to adopting a new authorizing resolution for the refunding bonds.



Betsy Knotts
Director of the Division of Local Government Finance
Date: October 15, 2021