



Jason E. Mumpower
Comptroller

March 9, 2022

Honorable Joseph Wise, Mayor
and Honorable Board of Commissioners
City of Johnson City
601 East Main Street
Johnson City, TN 37605-2150

Dear Mayor Wise and Members of the Board:

Thank you for your recent correspondence. We acknowledge receipt on March 3, 2022, of a request from the City of Johnson City (the "City") for a report on a plan of refunding (the "Plan") for the City's proposed issuance of an estimated \$21,305,000 General Obligation Refunding Bonds, Series 2022.

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, Lori Barnard, at 615-747-5347 or Lori.Barnard@cot.tn.gov.

Very truly yours,



Betsy Knotts
Director of the Division of Local Government Finance

cc: Ms. Janet Jennings, Finance Director, City of Johnson City
Mr. Nick Yatsula, PFM Financial Advisors LLC
Mr. Mark Mamantov, Bass Berry & Sims
Ms. Jean Suh, Contract Audit Review Manager, Division of Local Government Audit

Enclosure: Director's Report on a Plan of Refunding

BK:lb



**Director's Report on a Plan of Refunding
\$21,305,000 General Obligation Refunding Bonds, Series 2022
The City of Johnson City, 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 March 3, 2022, from the City of Johnson City, 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.

The City is planning to issue an estimated \$88,310,000 in General Obligation Refunding and Improvement Bonds, at a premium of \$9,342,451. The refunding portion of that amount is estimated at \$21,305,000, with a premium of \$2,328,080. Our report is limited to the refunding portion.

COSTS:

Estimated costs of issuance are summarized below and based upon the principal amount of \$21,305,000 of the Series 2022 Refunding Bonds:

	Amount	Price per \$1,000 Bond
Financial Advisor (PFM Financial Advisors)	\$ 20,506.45	\$ 0.96
Bond Counsel (Bass, Berry & Sims)	21,712.72	1.02
Rating Agency (Moody's)	14,475.14	0.68
Underwriting Fee (estimated)	74,567.50	3.50
Miscellaneous Other Fees	1,917.96	0.09
Total Cost of Issuance	\$ 133,179.77	\$ 6.25

BENEFITS:

The City's stated objective for the refunding is to achieve debt service savings. The anticipated net present value savings are \$1,988,243.

Balloon Indebtedness

The proposed structure of the Series 2022 Refunding Bonds is not balloon indebtedness as defined in Tenn. Code Ann. § 9-21-133 because the structure of the annual debt service payments is substantially level or declining.

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: March 9, 2022

Form Name:	Refunding Plan
Submission Time:	March 3, 2022 10:40 am
Browser:	Chrome 98.0.4758.102 / Windows
IP Address:	155.190.21.4
Unique ID:	936844922
Location:	

Local Government Information

	Municipality
Name of the Local Government	City of Johnson City
Submitter	
Name	Nick Yatsula
Email	yatsulan@pfm.com
Relation to Local Government	municipal advisor
Verification	By checking this box the sender verifies that the local government (Mayor, CFO, Board) has signed off on the submission of this document to LGF.
Refunding Objective	Debt service savings
Describe how the refunding will achieve the objective.	reduce debt service costs
Net Present Value Savings Amount	1,988,242
NPV Savings as a percent of refunded bonds	8.60
Do the savings percent comply with the local government's debt management policy?	Yes
Are savings greater than 2.5 x the costs of issuance (underwriter's discount included)?	Yes
Balloon indebtedness	No, level or declining debt service
Type of Sale	
Type of Sale	Competitive Bid
Security	General Obligation
Will the refunding bonds contain a put option?	No

Type of Refunding	Current
Tax Status	Tax-Exempt
Is debt being extended by more than 6 months or 2% of WAM?	No
Estimated Amount of Refunding Bonds	21,305,000
Maximum amount allowed under resolution	\$0.00
Estimated Premium	2,328,079
Discount if any	\$0.00
True Interest Cost (TIC)	2.38
Date of governing body meeting to consider the refunding bond resolution and Director's report	March 24, 2022

Contacts - Mayor/Executive/Manager

Name	Joe Wise
Phone	423-434-5797
Email	jwise@johnsoncitytn.org
Address	601 East Main Street Johnson City, TN 37601

Contacts - Finance Director

Name	Janet Jennings
Phone	423-434-6033
Email	janetj@johnsoncitytn.org
Address	601 East Main Street Johnson City, TN 37601

Contacts - Municipal Advisor

Name	NICK YATSULA
Company Name	PFM Financial Advisors
Phone	9016828356

Email	yatsulan@pfm.com
Address	530 Oak Court Drive Suite 160 Memphis, TN 38117

Contacts - Bond Counsel

Name	Mark Mamantov
Company Name	Bass Berry Sims
Phone	865-521-0365
Email	mmamantov@bassberry.com
Address	1700 Riverview Tower 900 S. Gay Street Knoxville, TN 37902

Contacts - Underwriter (if negotiated sale)

Upload of schedules

How many files do you need to upload?	1
Minimum required schedules: 1. Refunding bonds amortization 2. Refunded bonds amortization 3. Aggregate of all refunding bonds (if multiple candidates) 4. Savings (if applicable) 5. Sources and uses 6. Itemized costs of issuance 7. Escrow verification (if applicable)	https://www.formstack.com/admin/download/file/12346380065
Email me a copy of my submitted information.	Yes