

**REPORT ON DEBT OBLIGATION**  
(Pursuant to Tennessee Code Annotated Section 9-21-151)

**1. Public Entity:**  
 Name: City of Kingsport, Tennessee  
 Address: 225 West Center Street  
Kingsport, Tennessee 37660  
 Debt Issue Name: \$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable)  
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

**2. Face Amount:** \$ 14,925,000.00  
 Premium/Discount: \$ 465,535.40

**3. Interest Cost:** 1.5448 %  Tax-exempt  Taxable  
 TIC  NIC  
 Variable: Index \_\_\_\_\_ plus \_\_\_\_\_ basis points; or  
 Variable: Remarketing Agent \_\_\_\_\_  
 Other: \_\_\_\_\_

**4. Debt Obligation:**  
 TRAN  RAN  CON  
 BAN  CRAN  GAN  
 Bond  Loan Agreement  Capital Lease  
 If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").

**5. Ratings:**  
 Unrated  
 Moody's Aa2 Standard & Poor's AA Fitch \_\_\_\_\_

**6. Purpose:**

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input type="checkbox"/> Education	_____ %	_____
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input checked="" type="checkbox"/> Refunding/Renewal	<u>100.00</u> %	<u>Refunding prior bonds for various public works projects</u>

**7. Security:**  
 General Obligation  General Obligation + Revenue/Tax  
 Revenue  Tax Increment Financing (TIF)  
 Annual Appropriation (Capital Lease Only)  Other (Describe): \_\_\_\_\_

**8. Type of Sale:**  
 Competitive Public Sale  Interfund Loan \_\_\_\_\_  
 Negotiated Sale  Loan Program \_\_\_\_\_  
 Informal Bid

**9. Date:**  
 Dated Date: 11/20/2020 Issue/Closing Date: 11/20/2020

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**10. Maturity Dates, Amounts and Interest Rates \*:**

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2021	\$ 65,000.00	2.0000 %	2032	\$ 1,590,000.00	1.7500 %
2022	\$ 110,000.00	2.0000 %		\$	%
2023	\$ 1,355,000.00	2.0000 %		\$	%
2024	\$ 1,380,000.00	2.0000 %		\$	%
2025	\$ 1,415,000.00	2.0000 %		\$	%
2026	\$ 1,430,000.00	2.0000 %		\$	%
2027	\$ 1,465,000.00	2.0000 %		\$	%
2028	\$ 1,495,000.00	2.0000 %		\$	%
2029	\$ 1,520,000.00	1.3000 %		\$	%
2030	\$ 1,540,000.00	1.4500 %		\$	%
2031	\$ 1,560,000.00	1.6500 %		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

\* This section is not applicable to the Initial Report for a Borrowing Program.

**11. Cost of Issuance and Professionals:**

No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 39,500	Raymond James & Associates, Inc.
Legal Fees	\$ 0	
Bond Counsel	\$ 35,000	Adams and Reese LLP
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 1,250	U.S. Bank National Association
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 40,100	Moody's and Standard & Poors
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount <u>1.85</u> %		
Take Down	\$ 276,581	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 1,500	I-Deal Prospectus
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs	\$ 2,996	Public Finance Partners; Cusip
<b>TOTAL COSTS</b>	<b>\$ 396,927</b>	

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**12. Recurring Costs:**

No Recurring Costs

	<b>AMOUNT</b> (Basis points/\$)	<b>FIRM NAME</b> (If different from #11)
Remarketing Agent		
Paying Agent / Registrar	450	U.S. Bank National Association
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other _____		

**13. Disclosure Document / Official Statement:**

None Prepared

EMMA link https://emma.msrb.org/P21413533-P21098432-P21507627.pdf or

Copy attached

**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?  Yes  No

Is there a continuing disclosure obligation agreement related to this debt?  Yes  No

If yes to either question, date that disclosure is due June 30

Name and title of person responsible for compliance Sidney H. Cox, City Recorder/CFO

**15. Written Debt Management Policy:**

Governing Body's approval date of the current version of the written debt management policy 11/15/2011

Is the debt obligation in compliance with and clearly authorized under the policy?  Yes  No

**16. Written Derivative Management Policy:**

No derivative

Governing Body's approval date of the current version of the written derivative management policy \_\_\_\_\_

Date of Letter of Compliance for derivative \_\_\_\_\_

Is the derivative in compliance with and clearly authorized under the policy?  Yes  No

**17. Submission of Report:**

To the Governing Body: on 11/20/2020 and presented at public meeting held on 12/01/2020

Copy to Director, Division of Local Govt Finance: on 12/02/2020 either by:

Mail to: Cordell Hull Building  
425 Fifth Avenue North, 4th Floor  
Nashville, TN 37243-3400

OR  Email to: LGF@cot.tn.gov

**18. Signatures:** *Patrick W. Shull*

	<b>AUTHORIZED REPRESENTATIVE</b>	<b>PREPARER</b>
Name	<u>Patrick W. Shull</u>	<u>Cynthia M. Barnett, Esq.</u>
Title	<u>Mayor</u>	<u>Bond Counsel</u>
Firm	<u>City of Kingsport, Tennessee</u>	<u>Adams and Reese LLP</u>
Email	<u>PatShull@kingsporttn.gov</u>	<u>cindy.barnett@arlaw.com</u>
Date	<u>11/20/2020</u>	<u>11/20/2020</u>



Finance Department  
 225 West Center Street  
 Kingsport, TN 37660-4265  
 Phone: 423/ 224-2520  
 Fax: 423/ 224-2566  
 www.kingsporttn.gov

November 20, 2020

Ms. Betsy Knotts, Director  
 Division of Local Government Finance  
 425 Fifth Avenue North  
 Cordell Hull Building  
 Nashville, Tennessee 37243-1402

Main Phone Number: 615-401-7872  
 Email: [LGF@cot.tn.gov](mailto:LGF@cot.tn.gov)

Re: City of Kingsport Refunding Plan 2020 – Reconciliation

Dear Ms. Knotts:

Pursuant to your “Report on Refunding Plan” to us dated August 28, 2020 (the “Report”), please be advised that the City’s \$14,925,000 General Obligation Refunding Bonds, Series 2020 (Federally Taxable) (the “Bonds”) were sold at competitive public sale on Monday, November 9, 2020.

In your Report, you directed that we notify your office if, prior to issuance, the actual results of any key metric were significantly different (i.e., greater or less than 10.0%) than those originally estimated in the City’s Refunding Plan.

In accordance with that requirement and with respect to the total costs of issuance, please be advised as follows:

<u>Projected Savings</u>	<u>Actual</u>	<u>Net Difference</u>	<u>% Change</u>	<u>Reason</u>
\$1,276,325	\$1,140,205	(\$136,120)	(10.66%)	Significant upward movement in benchmark U.S. Treasury yields between August 21, 2020 and November 9, 2020 resulted in corresponding higher yields on the Bonds and less aggregate savings.

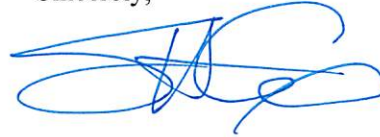
  

<u>Cost</u>	<u>Estimated Amount</u>	<u>Actual Amount</u>	<u>Net Difference</u>	<u>% Change</u>	<u>Reason</u>
Underwriter’s Discount	\$82,748	\$276,581	\$193,833	234.24%	Underwriter’s discount is determined by competitive bidding. The successful underwriter had the lowest true interest cost (“TIC”) of the eight bids received by the City. Exceptional volatility in the capital markets caused by COVID-19 news, uncertain election results, etc. evidently required the underwriter to build in an interest rate risk cushion to offset potential losses as market yields fluctuate.

We are aware of the differences in estimated costs and results. Since the results were attractive in spite of significant market volatility and uncertainty, we decided to proceed with the issuance of the Bonds as planned on November 20, 2020.

If you have any questions or need any additional information, please do not hesitate to contact me at your earliest convenience.

Sincerely,



Sidney H. Cox  
Chief Financial Officer/Recorder

Copies: Board of Mayor and Aldermen  
Rick Dulaney - Raymond James  
Elizabeth Zuelke – Raymond James  
Cindy Barnett, Esq. – Adams and Reese LLP