



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

December 17, 2010

Honorable Rex Lynch
Anderson County Mayor
100 North Main Street, Suite 208
Clinton, TN 37716

Dear Mayor Lynch:

This letter acknowledges receipt of a letter on December 8, 2010, requesting the review of a refunding plan for the proposed issuance of approximately \$2,135,000 Rural Elementary School Refunding Bonds, Series 2011; \$760,000 Rural High School Refunding Bonds, Series 2011; and \$1,810,000 General Obligation Refunding Bonds, Series 2011 (collectively the "Series 2011 Bonds"). Pursuant to the provisions of *Tennessee Code Annotated* Title 9, Chapter 21, a plan of refunding 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. Enclosed are the reports of the review of these plans of refunding required by *Tennessee Code Annotated* Section 9-21-903 for distribution to the members of the local governing body. **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.**

Tennessee Code Annotated Title 9, Chapter 21, authorizes any county to sell general obligation refunding bonds either at a private negotiated sale with the approval of the Director or at a competitive public sale. The County plans to issue the Series 2011 Bonds by competitive sale.

This report and its appendixes are to be published and placed on the County's website prior to the meeting of the County Commission on Monday December 20, 2010. The same report and appendixes are to be provided to each member of the County Commission and reviewed at the Public Meeting on Monday December 20, 2010.

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.

It is recognized that the information provided in plans 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.

We are enclosing State Form CT-0253, Report on Debt Obligation. Pursuant to Tennessee Code Annotated Title 9, Chapter 21, Section 151, this form is to be completed and filed with this Office within 45 days after the issuance of the refunding bonds.

Sincerely,



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

**Cc: Honorable Justin Wilson, Comptroller of the Treasury
Jim Arnette, Director of County Audit, COT
Joe Ayres, Morgan Keegan & Company Inc.**

Enclosure: Report of the Director of the Office of State & Local Finance

**REPORT OF THE TENNESSEE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
RURAL ELEMENTARY SCHOOL REFUNDING BONDS, SERIES 2011; RURAL HIGH SCHOOL REFUNDING BONDS, SERIES 2011; AND
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011
ANDERSON COUNTY, TENNESSEE**

Anderson County (the "County") submitted a plan dated December 6, 2010, as required by *Tennessee Code Annotated* Section 9-21-903 regarding the proposed issuance of the following refunding bonds:

- \$2,135,000 Rural Elementary School Refunding Bonds, Series 2011, (the "2011 Rural Elementary School Bonds")
- \$760,000 Rural High School Refunding Bonds, Series 2011, (the "2011 Rural High School Bonds")
- \$1,810,000 General Obligation Refunding Bonds, Series 2011, (the "2011 GO Bonds")

The refunding bonds will replace the following outstanding debt:

- Rural Elementary School Refunding Bonds, Series 2001, dated August 1, 2001, maturing April 1, 2011 and thereafter; and
- Rural Elementary School Refunding Bonds, Series 2004, dated March 1, 2004, maturing March 1, 2011; and
- Rural High School Refunding Bonds, Series 2001, dated August 1, 2001, maturing April 1, 2012, and thereafter; and
- General Obligation Refunding Bonds, Series 2001, dated August 1, 2001, maturing April 1, 2011 and thereafter; and
- General Obligation Refunding Bonds, Series 2010A, dated August 25, 2010, maturing April 1, 2011 (collectively, the "Outstanding Bonds")

The County's purpose in performing this refunding is "to reduce debt service in the Fiscal Year 2010-2011 in order to balance the County's budget without significantly reducing fund balances in a timely manner". This restructuring achieves reduction in debt service payments in Fiscal Year 2011 at the cost of extending the final maturity of the debt and increasing the amount of total debt service that the County must pay over the life of the debt.

The negative impact of this refunding on the County's financial future is as follows:

- The overall life of the County's debt is extended by five (5) years.
- Total debt service payments are increased.
- Debt service payments for Fiscal Years 2012 and 2013 are increased to nearly \$1.5 million dollars; this is almost double the debt service payments in Fiscal Year 2011 after the refunding occurs.
- Budgets for Fiscal Years 2012 through 2019 are negatively impacted by increasing the debt service payable in those years by shifting the payment of Fiscal Year 2011 debt service to future years.

Appendixes containing the report submitted to the Office are included as part of this report. The following appendixes are included as part of this report:

- Appendix A - 2011 Rural Elementary School Bonds: Estimated Savings Analysis, Sources and Uses
- Appendix B - 2011 Rural High School Bonds: Estimated Savings Analysis, Sources and Uses
- Appendix C - 2011 GO Bonds: Estimated Savings Analysis, Sources and Uses
- Appendix D- Total Combined Proposed Debt Schedule

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 County's plan may not reflect either current market conditions or market conditions at the time of sale.

Mary-Margaret Collier

Mary-Margaret Collier
Director of the Office of State and Local Finance
Date: December 17, 2010

Appendix A

\$2,135,000 Rural Elementary School Refunding Bonds, Series 2011

\$2,135,000
 Anderson County, Tennessee
 Rural Elementary School Refunding Bonds, Series 2011
 Rural Elementary Debt Plan

Date	Principal	Coupon	Interest	Total P+I	Refunded D/S
04/01/2011	-	-	-	-	641,190.63
04/01/2012	285,000.00	1.200%	45,355.75	330,355.75	403,706.26
04/01/2013	370,000.00	1.400%	37,812.50	407,812.50	401,956.26
04/01/2014	375,000.00	1.750%	32,632.50	407,632.50	404,456.26
04/01/2015	380,000.00	1.950%	26,070.00	406,070.00	402,806.26
04/01/2016	235,000.00	2.200%	18,660.00	253,660.00	-
04/01/2017	240,000.00	2.600%	13,490.00	253,490.00	-
04/01/2018	250,000.00	2.900%	7,250.00	257,250.00	-
Total	\$2,135,000.00	-	\$181,270.75	\$2,316,270.75	\$2,254,115.67

Dated.....	2/25/2011
First Coupon Date.....	10/01/2011
Bond Yield for Arbitrage Purposes.....	2.1873788%
Weighted Average Maturity.....	3.863 Years
Average Coupon.....	2.1976208%
Bond Year Dollars.....	\$8,248.50
True Interest Cost (TIC).....	2.3242372%

\$2,135,000
Anderson County, Tennessee
Rural Elementary School Refunding Bonds, Series 2011
Rural Elementary Debt Plan

Sources & Uses

Dated 02/25/2011 | Delivered 02/25/2011

Sources Of Funds	
Par Amount of Bonds.....	\$2,135,000.00
Total Sources.....	\$2,135,000.00
Uses Of Funds	
Total Underwriter's Discount.....	14,244.31
Costs of Issuance.....	39,825.00
Deposit to Current Refunding Fund.....	2,080,930.69
Total Uses.....	\$2,135,000.00

Appendix B

\$760,000 Rural High School Refunding Bonds, Series 2011

\$760,000
Anderson County, Tennessee
Rural High School Refunding Bonds, Series 2011



Date	Principal	Coupon	Interest	Total P+I	Refunded D/S
04/01/2011	-	-	-	-	18,000.00
04/01/2012	275,000.00	1.200%	12,089.00	287,089.00	386,000.00
04/01/2013	285,000.00	1.400%	7,690.00	292,690.00	388,500.00
04/01/2014	100,000.00	1.750%	3,700.00	103,700.00	-
04/01/2015	100,000.00	1.950%	1,950.00	101,950.00	-
Total	\$760,000.00	-	\$25,429.00	\$785,429.00	\$792,500.00

Net Present Value (NPV) \$13,592.21

Dated.....	2/25/2011
First Coupon Date.....	10/01/2011
Bond Yield for Arbitrage Purposes.....	1.5661065%
Weighted Average Maturity.....	2.133 Years
Average Coupon.....	1.5687230%
Bond Year Dollars.....	\$1,621.00
True Interest Cost (TIC).....	1.8067460%

\$760,000
Anderson County, Tennessee
Rural High School Refunding Bonds, Series 2011

Sources & Uses

Dated 03/15/2011 | Delivered 03/15/2011

Sources Of Funds	
Par Amount of Bonds.....	\$760,000.00
Total Sources.....	\$760,000.00
Uses Of Funds	
Total Underwriter's Discount.....	4,856.13
Costs of Issuance.....	17,250.00
Deposit to Current Refunding Fund.....	737,893.87
Total Uses.....	\$760,000.00

Appendix C

\$1,810,000 General Obligation Refunding Bonds, Series 2011

\$1,810,000
Anderson County, Tennessee
General Obligation Refunding Bonds, Series 2011

Date	Principal	Coupon	Interest	Total P+I	Refunded D/S
04/01/2011	-	-	-	-	1,431,811.50
04/01/2012	-	-	48,666.75	48,666.75	176,500.00
04/01/2013	-	-	44,242.50	44,242.50	178,500.00
04/01/2014	285,000.00	1.750%	44,242.50	329,242.50	-
04/01/2015	290,000.00	1.950%	39,255.00	329,255.00	-
04/01/2016	300,000.00	2.200%	33,600.00	333,600.00	-
04/01/2017	305,000.00	2.600%	27,000.00	332,000.00	-
04/01/2018	310,000.00	2.900%	19,070.00	329,070.00	-
04/01/2019	320,000.00	3.150%	10,080.00	330,080.00	-
Total	\$1,810,000.00	-	\$266,156.75	\$2,076,156.75	\$1,786,811.50

Dated.....	2/25/2011
First Coupon Date.....	10/01/2011
Bond Yield for Arbitrage Purposes.....	2.5850583%
Weighted Average Maturity.....	5.666 Years
Average Coupon.....	2.5951321%
Bond Year Dollars.....	\$10,256.00
True Interest Cost (TIC).....	2.6810078%

\$1,810,000
Anderson County, Tennessee
General Obligation Refunding Bonds, Series 2011

Sources & Uses

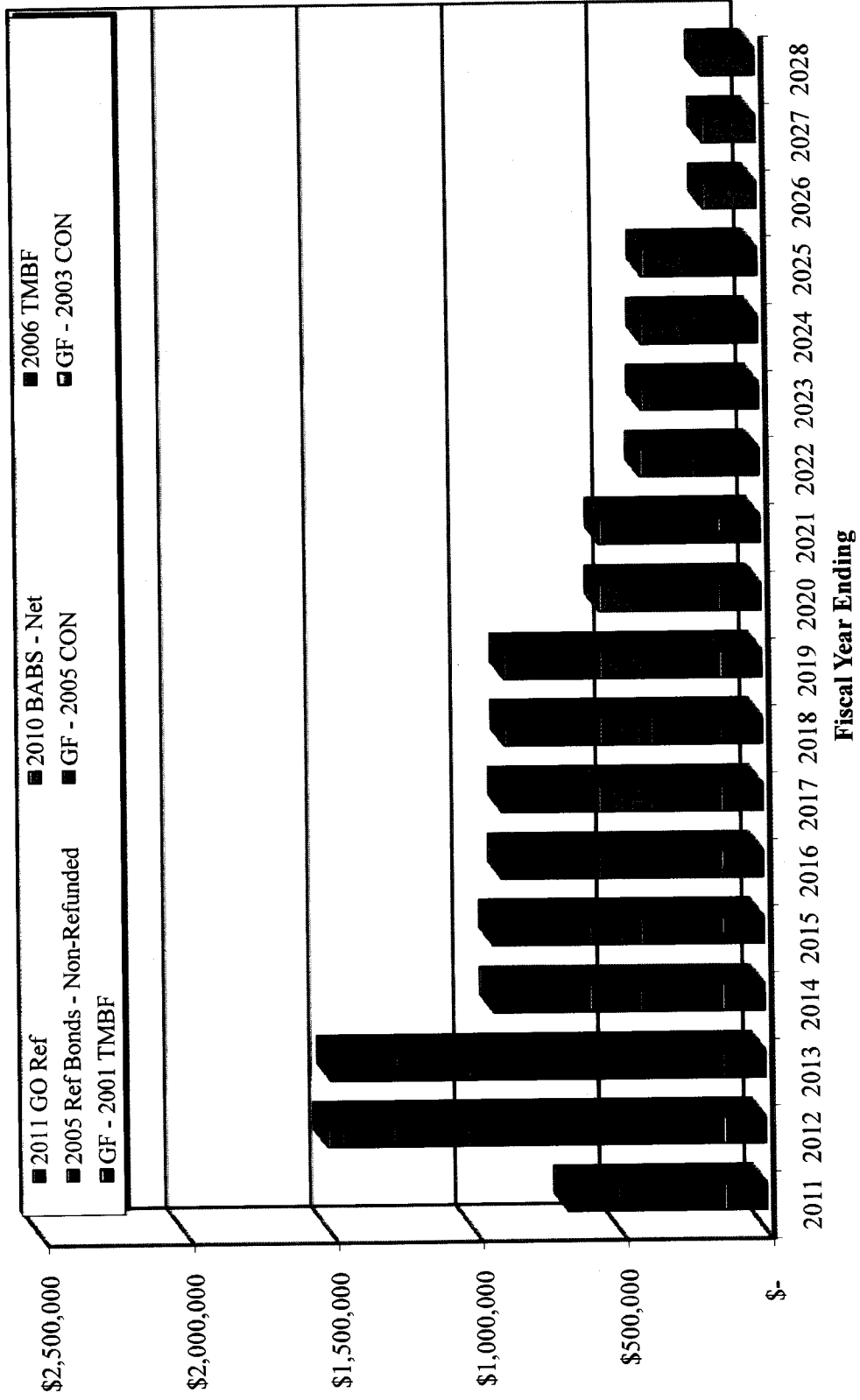
Dated 02/25/2011 | Delivered 02/25/2011

Sources Of Funds	
Par Amount of Bonds.....	\$1,810,000.00
Total Sources.....	\$1,810,000.00
 Uses Of Funds	
Total Underwriter's Discount (0.500%).....	13,282.35
Costs of Issuance.....	35,200.00
Deposit to Current Refunding Fund.....	1,761,517.65
Total Uses.....	\$1,810,000.00

Appendix D

Total Combined Proposed Debt Service

**Anderson County, Tennessee
Total Combined Proposed Debt Service - General Debt Service Fund**



December 6, 2010

Ms. Mary Margaret Collier
Director of Office of State and Local Finance
Suite 1600, James K. Polk Building
505 Deaderick Street
Nashville, TN. 37243-0273

Re: Anderson County, Tennessee

Dear Ms. Collier:

Anderson County, Tennessee, (the "County") is pleased to enclose for your consideration a reports entitled "Preliminary Refunding Analysis" dated December 6, 2010, which together with this letter shall be the County's plan of refunding relating to the obligations described below. These are being delivered to you to comply with Chapter 9, Title 21, Tennessee Code Annotated.

The County is proposing to refinance all or a portion of the following outstanding obligations:

1. Rural Elementary School Refunding Bonds, Series 2001, dated August 1, 2001, maturing April 1, 2011 and thereafter; and
2. Rural Elementary School Refunding Bonds, Series 2004, dated March 1, 2004, maturing March 1, 2011; and
3. Rural High School Refunding Bonds, Series 2001, dated August 1, 2001, maturing April 1, 2012 and thereafter; and
4. General Obligation Refunding Bonds, Series 2001, dated August 1, 2001, maturing April 1, 2011 and thereafter; and
5. General Obligation Refunding Bonds, Series 2010A, dated August 25, 2010, maturing April 1, 2011 (collectively, the "Outstanding Bonds")

The enclosed Analysis outlines the projected structure based upon current market conditions. To maximize flexibility the County's bond resolution will be drafted to authorize the refunding of all or any portion of the above referenced debt. The County is undertaking the refinancing in order to reduce debt service in the Fiscal Year 2010-2011 in order to balance the County's budget without significantly reducing fund balances and by reamortizing the proposed debt in a timely manner.

It is the County's intention to sell the Bonds at competitive public sale.

The County Commission is scheduled to meet on Monday, December 20, 2010 to discuss the refunding plan and other documents related to this refinancing plan. In that regard, we would appreciate you delivering your report to the County on or before said date if at all possible.

If you have any questions or need any additional information with respect to this financing, please do not hesitate to contact us or our advisors listed below at you earliest convenience.

Very truly yours,

Rex Lynch
County Mayor

CC: Scott Gibson, Morgan Keegan 865-777-5840
Mark Mamantov, Bass, Berry & Sims 865-521-0365