

PUBLIC NOTICE

CALL FOR A SPECIAL CALLED MEETING OF THE BLOUNT COUNTY BOARD OF COMMISSIONERS TO BE HELD IN ROOM 430 AT THE BLOUNT COUNTY COURTHOUSE, COURT STREET, MARYVILLE, TENNESSEE, ON THURSDAY, NOVEMBER 17, 2016, AT 6:00 P.M.

I, Mayor Ed Mitchell, pursuant to and in accordance with the authority vested in me by Tennessee Code Annotated § 5-5-105, hereby call the Board of County Commissioners of Blount County, Tennessee, for a called meeting on the 17th day of November, 2016, 6:00 P.M. for the following:

- A. For Approval of a Resolution 16-11-009 authorizing amendments to the General Obligation Refunding Bond, Series 2013A previously issued by Blount County, Tennessee.

NOVEMBER 9, 2016

APPROVED:

ATTEST:

Jerome Moon
Commission Chairman

Gaye Hasty
County Clerk

Ed Mitchell
County Mayor



BLOUNT COUNTY MAYOR

Ed Mitchell

341 Court Street, Maryville, TN 37804-5906

Phone: (865) 273-5700

Fax: (865) 273-5705

Email: emitchell@blounttn.org



MEMO

TO: Blount County Board of Commissioners

FROM: Ed Mitchell, Mayor

RE: Successful Bond Sale

DATE: November 9, 2016

Successful Bond Sale/Closing December 1

Pertinent Information:

- County variable rate debt will be fixed rate debt on December 1, 2016
- Swap termination payment was reduced from \$15.2M to \$12.9M
- Principal payments start immediately, maturities weren't extended

- County benefitted from fewer bond offerings
- Short week due to Elections & Veterans Day
- Strong AA bond rating
- More demand for our bonds than supply

For these reasons, the reference to the 2013B Bonds and USBank are no longer needed in Resolution 16-11-008.

Therefore, I am asking that Resolution 16-11-009 be approved to allow Blount Memorial Hospital to proceed with their financing with JPMorgan.

Resolution No. 16-11-009

Sponsored by: Commissioners Mike Lewis, Mike Caylor

A RESOLUTION AUTHORIZING AMENDMENTS TO THE GENERAL OBLIGATION REFUNDING BOND, SERIES 2013A PREVIOUSLY ISSUED BY BLOUNT COUNTY, TENNESSEE

WHEREAS, Blount County, Tennessee (the "County") has previously authorized and issued its outstanding General Obligation Refunding Bond, Series 2013A, in the original principal amount of \$89,125,000 (the "2013A Bond"), which 2013A Bond was purchased by JPMorgan Chase Bank, National Association (the "Original 2013A Bondholder"); and

WHEREAS, the Original 2013A Bondholder transferred the 2013A Bond to DNT Asset Trust (the "2013A Bondholder"), a wholly-owned subsidiary of the Original 2013 Bondholder; and

WHEREAS, the 2013A Bond is subject to mandatory purchase by the County on December 30, 2016, and the 2013A Bondholder has agreed to extend such mandatory purchase date on the terms set forth in the Credit Facility Proposal dated August 26, 2016 attached hereto as Exhibit A (the "2013A Proposal"); and

WHEREAS, it is the intention of the Board of County Commissioners of the County to adopt this resolution for the purpose of approving the extension of the mandatory purchase date of the 2013A Bond and to authorize the officers of the County to execute such amendments and other documents as are necessary or appropriate to effectuate such extensions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF BLOUNT COUNTY, TENNESSEE, AS FOLLOWS:

SECTION 1. The extension of the mandatory tender date of the 2013A Bond is hereby authorized and approved in manner consistent with the 2013A Proposal. The terms and provisions of the 2013A Proposal are hereby ratified and approved. The Mayor and County Clerk are hereby authorized, empowered and directed to execute and deliver such amendments to the 2013A Bond and to the documentation relating thereto to accomplish the foregoing. The Mayor and the County Clerk are furthermore hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the terms of such extension.

SECTION 2. Additional Authorizations. All acts and doings of the Mayor and the County Clerk and any other representative or officer of the County which are in conformity with the purposes and intent of this Resolution and in furtherance of the amendments authorized herein shall be and the same hereby are in all respects, approved and confirmed.

SECTION 3. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

SECTION 4. Repeal of Conflicting Resolutions. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed.

Adopted and approved this ____ day of November, 2016.

CERTIFICATION OF ACTION

ATTEST

Commission Chairman

County Clerk

Approved: _____
Vetoed: _____

County Mayor Date

STATE OF TENNESSEE)
)
COUNTY OF BLOUNT)

I, _____, certify that I am the duly qualified and acting County Clerk of Blount County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the County held on November __, 2016; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the extension of the mandatory purchase dates of the County's General Obligation Refunding Bond, Series 2013A.

WITNESS my official signature and seal of said County this ___ day of November, 2016.

County Clerk

(SEAL)

EXHIBIT A
JPMORGAN PROPOSAL

SEE ATTACHED

20726677.3

August 26, 2016

J.P.Morgan

CREDIT FACILITY PROPOSAL

**Extension of existing Non-Bank Qualified Tax-Exempt Bond issued by Blount County,
Tennessee in the amount of \$79,025,000**

J.P.Morgan

Delivery via Email

August 26, 2016

Mr. Randy Vineyard
Blount County, Tennessee
341 Court Street
Maryville, TN 37804

Dear Mr. Vineyard:

On behalf of JPMorgan Chase Bank, N.A. and its affiliates ("JPMorgan"), we are pleased to propose for discussion indicative terms to Blount County, Tennessee for the extension of the Tender Date of the existing \$79,025,000 Tax-Exempt Non-Bank Qualified Direct Purchase Bond, subject to the following terms and conditions described herein (the "Proposal").

The proposed indicative terms included in the enclosed Summary of Terms and Conditions are for discussion purposes only and do not represent an offer or commitment to lend on the part of JPMorgan and would be subject to due diligence, credit analysis and approval, and documentation of detailed terms and conditions satisfactory to JPMorgan and its legal counsel. Should any of the enclosed terms and conditions conflict with Blount County's structuring parameters, we would be happy to discuss mutually acceptable alternatives.

Should you have any questions regarding any of the indicative terms, please do not hesitate to contact either of us at the numbers set forth below:

Alison Hastings
Senior Commercial Banker
3424 Peachtree Rd. Floor 23
Atlanta GA, 30326
Direct: (404) 926-2627
Mobile: (404) 386-8631
alison.a.hastings@jpmorgan.com

Anthony "Jay" Robinson
Underwriting Senior Associate
450 S. Orange Ave
Orlando FL, 32801
Direct: (407) 236-5472
Mobile: (407) 383-8114
jay.robinson@jpmorgan.com

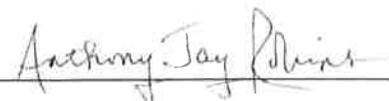
JPMorgan has been the market leader in public finance credit for over 35 years and ranks among the largest providers of credit facilities in the municipal market today. Our deep familiarity with this sector is viewed as a strong benefit by the municipal clients with whom we do business. We believe that our experience in providing direct purchase bond financing, coupled with our long experience in deal execution, would ensure an efficient, cost-effective transaction. Client references are available upon request.

We look forward to further discussions with Blount County and its financing team regarding this proposal.

Sincerely,

JPMorgan Chase Bank, N.A.

By: 
Title: Senior Commercial Banker

By: 
Title: Underwriting Senior Associate

BLOUNT COUNTY, TENNESSEE
Extension of Existing Non-Bank Qualified Tax-Exempt Bond
Summary of Terms and Conditions
August 26, 2016

This Summary of Terms and Conditions (the "Term Sheet") is confidential and is intended as a statement of indicative terms only, and is provided to facilitate additional discussion. It is a proposal for your consideration only and not a commitment by JPMorgan Chase Bank, NA or its affiliates ("JPMorgan") to provide the financing described in this Term Sheet or any other financing. The rates and fees set forth in this proposal are indicative and are subject to market conditions at all times until JPMorgan would commit to in writing and, in any event should not be regarded as indicative after the date of this Term Sheet. The terms in this proposal expire on September 9, 2016.

SECTION I DESCRIPTION OF THE BOND

Issuer: Blount County, Tennessee (the "Issuer" or "Borrower")

Purchaser: DNT Asset Trust and its successors and assigns (the "Purchaser"). DNT Asset Trust is a Delaware business trust and wholly-owned subsidiary of JPMorgan Chase Bank, N.A. DNT Asset Trust holds \$15.8 Billion in capital as of December 31, 2014 and meets the requirements as a Qualified Institutional Buyer.

Bondholder Representative: JPMorgan Chase Bank, N.A. (the "Bondholder Representative" or the "Bank") and its successors and assigns, or any other entity subsequently appointed by the majority of the bondholders, shall act as the representative on behalf of the bondholders and shall be the party which provides consent, direct remedies and takes all actions on behalf of the Purchaser and other bondholders under the Bond Documents.

Facility / Amount: Existing \$79,025,000 Non-Bank Qualified Tax-Exempt Direct Purchase Bond (the "Bond" or the "Facility").

The Purchaser and the Borrower will maintain the existing Continuing Covenants Agreement (the "CCA") as a supplement to the Bond and Resolution, setting forth the covenant terms under which the Purchaser would continue to hold the Bond.

Purpose: Three (3) year extension of the Tender Date for the Bond, as indicated in Section II below.

Bond Maturity Date: June 1, 2029

SECTION II INTEREST RATES, PAYMENTS AND FEES

Variable Interest Rate: The Bond would accrue interest at a variable rate per annum equal to 67% of One Month LIBOR plus the applicable spread set forth below:

Tender Date*	Spread over 67% of Libor
December 31, 2019	45 bps per annum

* The Bond would remain callable at par on any LIBOR Adjustment Date.

Bond Payments / Amortization:	Interest would remain payable monthly on the first business day of each month. Principal would remain payable annually each June 1, commencing on June 1, 2017 based on the existing amortization schedule of the Bond. Notwithstanding the foregoing, the Bond would remain required to be repaid in full and subject to acceleration upon an Event of Default under the CCA. Interest would then be computed at the Default Rate (defined below).
Prepayment:	The Bond may continue to be prepaid in whole or in part, without premium or penalty, on any LIBOR Adjustment Date as defined above. Any prepayment on any date other than those provided for above would remain subject to breakage costs payable by the Issuer.
Pricing Grid:	The interest rate payable on the Bond will continue to be subject to a 10 bps increase for each notch change downgrade (including gradations within a rating category) to the then applicable unenhanced underlying long-term debt rating of the Issuer assigned by Moodys, S&P or Fitch. In the event of a split rating, the lowest rating shall apply, and revised pricing shall be effective as of the date of such ratings change.
Day Basis/Year:	Actual/360.
Maximum Interest Rate:	No limitation would continue to exist in the applicable bond documentation or authorizing resolution that restricts the interest rate to any rate lower than the maximum rate permitted by law.
Interest Rate Clawback:	The Bond Documents would continue to contain a customary interest rate recapture provision ("clawback") as protection against the possibility of the interest rate payable on the Bond exceeding the maximum rate permitted by law or the maximum rate provided for on the Bond. Such excess amounts shall be payable during such time periods where the interest rate payable on the Bond is below the maximum rate permitted by law. Upon termination of the Facility, the Issuer shall pay to the Purchaser a taxable equivalent fee equal to the amount of all unpaid deferred excess interest.
LIBOR Floor:	<u>The definition of LIBOR in the Bond would be amended to include a rate floor as follows: "Notwithstanding the foregoing, if any LIBOR rate quotation shall be less than zero, such LIBOR Rate shall be deemed to be zero."</u>
Base Rate:	The Base Rate would continue to be defined as the higher of (i) the Bank's Prime Rate or (ii) 2.5% plus the Adjusted One Month LIBOR Rate.
Default Rate:	The Default Rate would continue to be defined as the Base Rate + 4.00%.

SECTION III OTHER BOND TERMS AND PROVISIONS

Security:	The Bond would remain issued pursuant to a Bond Resolution. The Issuer's obligation under the Bond Resolution and the CCA to (1) pay debt service on the Bond and (2) pay all obligations owing the Bank under the Facility would remain a general obligation of the Issuer. The Issuer would continue to pledge its full faith and credit and unlimited taxing power to the punctual payment of all such amounts due under the Bond Resolution and the CCA.
Extension of Tender Date:	A request for extension of the Tender Date may be made in writing by the Borrower no more than 150 days prior to the then current Tender Date. A written response would be delivered by the Bank as the Bondholder Representative on behalf of the Purchaser within 30 days of receipt of such request. All extensions of the Tender Date would be at the sole and absolute

discretion of the Purchaser. A failure by the Purchaser to respond to a request for extension of the Tender Date would be deemed a denial of such request.

In the event the Borrower and the Bank fail to document in writing their agreement to the succeeding Interest Rate and Interest Rate Period, the Borrower would be required to repurchase the Bond on the Tender Date.

Term Out: So long as (i) no Event of Default has occurred or is continuing on the Tender Date, (ii) the representations and warranties set forth in the related bond documentation are true and correct and (iii) the Issuer and Bank fail to document in writing their agreement as to proposed renewal terms for the succeeding interest rate period, the Issuer may elect to continue to pay the Bond on the existing payment schedule at the Purchaser Rate (as defined below) over a three-year period (the "Term Out Period") and with all outstanding amounts due at the end of the Term Out Period. The Purchaser Rate would remain equal to the Base Rate + 3.00%.

Required Documents: The terms of the extension of this existing Facility would be evidenced by appropriate supplements and amendments to the documents that were executed and delivered in connection with the original issuance of the Bond to reflect the proposed extension of the Tender Date of the Bond and applicable closing certifications and opinions, all as shall be mutually agreed upon by the Borrower, the Bank and their respective counsel.

Conditions Precedent: Existing and customary representations and warranties and other conditions prior to the extension of the Bond for like situated issuers and for the type and term of the Facility, including absence of default, absence of material litigation and absence of material adverse change from the Issuer's financial conditions and operations as reflected in the financial statements of the Issuer dated September 30, 2015.

Additional conditions precedent would include delivery of acceptable bond documentation and legal opinions, including an opinion of bond counsel as to the validity and enforceability of the obligations of the Issuer under the Bond Documents and that interest payable on the Bond remains exempt from federal and State of Tennessee income taxation and, in particular, that the tax-exempt status of the Bond will not be adversely effected by the extension of the Tender Date or by any other modifications provided for in this Term Sheet.

Covenants: The existing covenants would remain in place, and the covenants in the CCA and other bond documentation will be amended or supplemented as described in this Term Sheet.

Swap Exposure: The Purchaser would continue to require that any and all swap termination payments relating to interest rate hedging arrangements with institutions other than the Bank would be subordinate to the repayment of all outstanding debt of the Bank or any of its affiliates.

Tax Gross-Up: The Purchaser would continue to require that in the event that the Bond subsequently loses its tax exemption as a result of violations of the tax covenants, the Purchaser would require an adjustment to the Interest Rates payable on the Bond to account for such loss of tax exemption.

Change in Tax Rate: The Purchaser would continue to require that in the event of a change in the Corporate Tax Rate (as hereinafter defined) during any period where interest is accruing on a tax-exempt basis causes a reduction in the tax equivalent yield on the Bond, the interest payable on the Bond would be increased to compensate for such change in the effective yield to a rate calculated by multiplying the bond interest rate by the ratio equal to $(1 \text{ minus } A) \text{ divided by } (1 \text{ minus } B)$, where A equals the Corporate Tax Rate in effect as of the date of the corporate tax rate adjustment as announced by the IRS and B equals the Corporate Tax Rate in effect on the date of the original issuance of the Bond. The Corporate Tax Rate would mean the highest marginal statutory rate of federal income tax imposed on corporations and applicable to the Bank (expressed as a decimal).

- Sale / Assignment:** The Issuer would continue to agree that the Purchaser may without limitation (i) at any time sell, assign, pledge or transfer all or a portion of the Bond, or one or more interests in all or any part of the Purchaser's rights and obligations under the Facility to one or more assignees and/or participants which may include affiliates of the Bank; and (ii) at the Purchaser's option, disclose information and share fees with such assignees and/or participants.
- Waiver of Jury Trial:** The Issuer and the Purchaser would continue to waive, to the fullest extent permitted by applicable law, any right to have a jury participate in resolving any dispute in any way related to this Term Sheet, any related documentation or the transactions contemplated hereby or thereby.
- Governing Law:** All aspects of the Facility being discussed including this Term Sheet and any Bond Documents would remain governed by the laws of the State of Tennessee.

SECTION IV OTHER BANK REQUIREMENTS

Municipal Advisor Disclosure:

The Issuer acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Issuer and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Issuer, (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the Issuer on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the Issuer, and (vi) the Issuer has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

- Expenses:** The Issuer would pay or reimburse the Purchaser for all its out-of-pocket costs and expenses and reasonable attorneys' fees where not prohibited by applicable law and incurred in connection with (i) the development, preparation, execution and/or review of the Bond, any related bond documentation, and any amendment documentation required in order to implement the terms of this Term Sheet and (ii) in connection with the enforcement or preservation of any rights under any agreement, any amendment, supplement, or modification thereto, and any other loan documents both before and after judgment.

- Legal Counsel:** The Purchaser would engage King & Spalding LLP as the Purchaser's legal counsel. William A. Holby would be acting in the capacity of attorney representing the Purchaser.

Legal fees are estimated at \$7,500.

William A. Holby
Partner
King & Spalding LLP
1180 Peachtree Street, N.E.
Atlanta, Georgia 30309-3521
bholby@kslaw.com
(404) 572-4663

- Information Sharing:** The Issuer would agree that the Purchaser may provide any information or knowledge the Purchaser may have about the Issuer or about any matter relating to the Facility described in this Term Sheet to JPMorgan Chase & Co., or any of its subsidiaries or affiliates or their

successors, or to any one or more purchasers or potential purchasers of the Bond, or participants or assignees of the Bond or the Facility described in this letter.

- Website Disclosure:** As a best practice to maintain transparency, final bond documentation may be posted by the Issuer on a national public bond market repository provided that certain information be redacted by the Issuer as directed by the Bank. Items that should be redacted include pricing, financial ratio covenants, signatures/names, account numbers, wire transfer and payment instructions and any other data that could be construed as sensitive information.
- Confidentiality:** This Term Sheet is for the Issuer's confidential review and may not be disclosed by it to any other person other than its employees, attorneys, board members and financial advisors (but not other commercial lenders), and then only in connection with the transactions being discussed and on a confidential basis, except where disclosure is required by law, or where the Purchaser consents to the proposed disclosure.
- Bank Credit Decision:** Satisfactory final due diligence, in the Purchaser's sole discretion, would be required consisting of, but may not be limited to, full review of requested financial statements and financing documents and discussions with management and other background due diligence of the Issuer and its management. Should the Issuer request financing substantially on the terms and conditions described in this Term Sheet, the Purchaser's credit decision would be made promptly after receipt of such request and completion of due diligence.