

April 9, 2002

Larry Huskey
Town of Pittman Center
2839 Webb Creek Road
Sevierville, Tennessee 37876

Dear Larry,

As I understand it, the Town of Pittman Center is interested in borrowing about \$250,000 to help with the construction of a new County elementary school which would be located in Pittman Center. You want to know if this is OK and how to go about it.

I contacted David Bowling, the *Director of Local Finance* at the State, to be sure that a municipality can borrow for this purpose. I knew that municipalities could give money to a county school for capital (construction) purposes but I was not sure about the borrowing of money for this purpose. But Mr. Bowling informed me that there is authorization for a city to borrow money to donate to a county school system for capital improvements such as this. And in your case it makes a lot of sense, because it is beneficial to have the County elementary school located within the city limits of Pittman Center.

In terms of the process of borrowing the money there are a number of ways to go about it. You can borrow the money from a bank, from one of the commercial lenders such as *Cumberland Securities*, or from the *Tennessee Municipal League Bond Fund*. All you need to do is contact one of them and tell them what you want to do. The State Department of Local Finance will have to approve the borrowing.

So all in all the process is simple and should not be a problem. If you need any additional help as you work to do all of this please let me know. Or you can call your MTAS *Finance Consultant*, Alan Major (865-974-0411). He is an expert in this type of thing and can answer any questions you might have.

Sincerely,

Patrick Hardy
Municipal Management Consultant