

Anderson County Board of Commissioners

Financial Management Committee Minutes

September 13, 2021

3:30 PM, Room 312

Members Present: Phil Yager (Committee Chair), Chuck Fritts, Gary Long, Terry Frank, Tim Isbel, and Rick Meredith.

Members Absent: Tim Parrott

Meeting Facilitator: Phil Yager (Committee Chair)

Call to Order: The meeting was called to order by Phil Yager (Committee Chair).

I. Firetruck Resolution

Finance Director Robby Holbrook opened the discussion on this item. Mayor Terry Frank presented a funding proposal for the bulk purchase fire trucks and other financing options.

No action taken.

II. ARP Act Update

Finance Director Robby Holbrook updated the Committee on the receipt of the County's first installment of the American Rescue Plan Act (ARPA) funding and the status of the U.S. Treasury Department's Interim Final Rule.

No action taken.

III. CAFR Award

Finance Director Robby Holbrook informed the Committee that the Government Finance Officer Association (GFOA) has awarded the County the Certificate of Achievement for Financial Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

No action taken.

IV. Non-Profit Funding Policy

Committee Chair Phil Yager opened the discussion on this item and expressed a desire to insure transparency and strengthen the guidelines and information required of Non-Profit organizations seeking funding from the county.

No action taken.

V. Debt Management Policy

Finance Director Robby Holbrook presented the amended Anderson County Debt Management Policy for Finance Committee approval.

Motion by Commission Rick Meredith, seconded by Mayor Terry Frank, and passed by voice vote to refer the request to the County Commission with a recommendation for approval.

VI. Debt Payoff Possibilities

Finance Director Robby Holbrook presented a proposal for early payoff of General Obligation Capital Outlay Notes, Series 2017A and TMBF Loan, Series 2006 (Jail) bonds utilizing restricted debt service funds. Retirement of this debt will result in an approximate savings of \$115,000.

Motion by Mayor Terry Frank, seconded by Commission Rick Meredith, and passed by voice vote to refer the request to the County Commission with a recommendation for approval.

VII. Old Business

None.

VIII. New Business

None.

IX. Meeting Adjourned.

Anderson County Board of Commissioners
Financial Management Committee
Meeting Agenda

September 13, 2021
3:30 PM, Room 312

Purpose of Meeting: Regularly scheduled meetings to discuss topics as they relate to the County Financial Management System of 1981

Meeting Facilitator: Phil Yager (Committee Chair)

Invitees: Phil Yager, Rick Meredith, Chuck Fritts, Terry Frank, Tim Isbel, Gary Long, and Tim Parrott

- I. Firetruck Resolution
- II. ARP Act Update
- III. CAFR Award
- IV. Non-Profit Funding Policy
- V. Debt Management Policy
- VI. Debt Payoff Possibilities
- VII. Old Business
- VIII. New Business
- IX. Adjourn



ANDERSON COUNTY GOVERNMENT

TERRY FRANK
COUNTY MAYOR

September 7, 2021

Commissioner Phil Yager
Chairman, Anderson County Finance Committee

RE: Firetruck Resolution

Dear Chairman Yager and Honorable Members of Finance Committee,

Through a request of full county commission, Finance Committee has been asked to review funding for fire department infrastructure. As part of the discussion, I wanted to make you aware that I submitted a letter to Budget Chairman Vowell and members of Budget Committee requesting they give serious consideration to a bulk purchase of fire trucks based on the same expectations for mutual aid considerations as part of the existing Fire Truck Resolution No. 15-7-545.

Currently there are a several larger issues at stake:

1. Current county allocation is being split into two budget years and even though the Fire Truck resolution built in an annual 2.5% cost of inflation, the current county allocation is drastically lower than the current actual cost of a new fire truck. This funding gap between what we're allocating for the purchase and what each department actually has to pay for a new truck has been a topic of concern raised by Budget Committee.
2. Regarding inflation, non-COVID world averages are approximately 3% a year, but COVID impacts have greatly increased cost of materials. (For purposes of the attached spreadsheet, the inflation rate of 5% is used.)
3. Fire Commission and County Commission have indicated a desire to maintain the Fire Truck Resolution.

Based on the three key points above, I wish to humbly recommend County Commission proceed with a bulk purchase of fire trucks split into 2 budget years for the following reasons:

1. Bulk purchase generates a considerable discount for purchase price. For instance, as an example from Pierce, a single new truck with no discounts would be \$359,616.23. Bulk purchase of 10 or more (within two budget years) would be \$319,229 per truck. (Bulk purchase over three years would be \$346,334 for each unit, thus my recommendation for splitting into 2 years.)

2. Bulk purchase has a direct community impact by putting 10 new vehicles in service within two years, boosting impact for ISO ratings.
3. Bulk purchase addresses the next 10 year cycle, but generates additional savings by avoiding annual inflationary pressures and future unknowns in material supply costs.
4. If we proceed with keeping the commitment per a fire truck resolution, we are going to be purchasing the vehicles anyway, so a front-loaded, bulk purchase allows us to save money over time.

Other Options:

1. If Budget Committee does not agree with allocating the full bulk cost split into two budget years, a possible option is to allocate half and borrow/finance half. In speaking with the county's financial advisor Cumberland Securities, we can estimate 1% for a 5 year note (though he did say he just was able to borrow at .85% for one county recently). Even with interest, avoiding the annual allocation plan generates well over a million dollars in avoided cost to the fire truck program over 10 years.
2. The difference between one unit at \$359,616 and a 10 vehicle bulk price of \$319,229 is \$40,387 per truck. Because of the steep discount involved in a bulk purchase, this program creates a genuine one-of-a-kind opportunity to purchase an additional truck to stand up an on-call shared response vehicle for all agencies. This would mean purchasing 11 trucks.

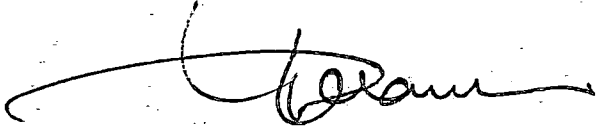
In terms of allocating tax dollars, assigning those dollars to investments that improve ISO ratings yields savings to homeowners that are real and tangible.

This 10 Bulk Purchase is based on the existing Fire Truck Resolution beginning with the current status of Andersonville as next up for funding:

1. Andersonville Volunteer Fire Department
 2. Briceville Volunteer Fire Department
 3. Oliver Springs Fire Department
 4. Clinton Fire Department
 5. Rocky Top Fire Department
 6. Norris Volunteer Fire Department
 7. Claxton Volunteer Fire Department
 8. Marlow Volunteer Fire Department
 9. Oak Ridge Fire Department
 10. Medford Volunteer Fire Department
- OPTION: County Wide Back Up Response added as 11th vehicle

11th year would be Rescue Squad as their purchase is currently finalizing. As Rescue Squad does not purchase a fire engine, their allocation could be handled differently by Anderson County. Or, we could inquire if bulk pricing would apply for a vehicle they might need and include it in this bulk purchase.

**For purposes of this discussion, I contacted Pierce. Their pricing is based on full warranty of 5 years; the pricing covers cost of a new commercial pumper or tanker—whatever the department needs. Pierce indicated the industry is expecting double digit price increases over the next several years.

A handwritten signature in black ink, appearing to read "T. Frank", with a long horizontal flourish extending to the left.

Increase Revenue Code:

101-47901 American Rescue Plan Act Grant #6 \$150,000.00

Justification: New body scanner or X-Ray machine for the Detention Facility with drug use continuing to increase and cost associated with that drug use.

Motion by Commissioner Chuck Fritts, seconded by Commissioner Catherine Denenberg, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

SECTION A, Fire Truck Resolution

Mayor Terry Frank presented a new fire truck resolution proposal that would continue the County's funding to provide fire trucks for each fire department.

Motion by Commissioner Chuck Fritts, seconded by Commissioner Catherine Denenberg, and passed by voice vote to allow the Mayor to move forward in the process and complete the necessary steps to be able to bring it back to the County Commission. Voting No: Denver Waddell

SECTION B, FY 21/22 Capital Outlay

Finance Director Robby Holbrook opened up discussion on this item to see what the will of the Committee was on funding the capital outlay requests for this fiscal year. The Committee decided it was more comfortable discussing capital outlay in the October Budget Committee Meeting.

After discussion, the Committee thought it would be best to go ahead and approve the Sheriff's Department request of \$450,000 to purchase new patrol cars since they could be on backorder, and \$350,000 for Election Commission to purchase new voting machines. The funding for these purchases will come out of the unassigned fund balance. This amendment is reflected above as "THE 28th ITEM"

Motion by Commissioner Chuck Fritts, seconded by Commissioner Bob Smallridge, and passed by voice vote to refer the request to the County Commission with a recommendation for approval.

SECTION C, New Business

Tyler Mayes presented the Committee with a detailed packet describing a new body scanning X-Ray Machine needed at the Jail. This amendment is reflected above as "THE 29th ITEM"

Motion by Commissioner Chuck Fritts, seconded by Commissioner Catherine Denenberg, and passed by voice vote to refer the request to the County Commission with a recommendation for approval.



County Technical Assistance Service
INSTITUTE for PUBLIC SERVICE

226 Anne Dallas Dudley Boulevard, Suite 400 Nashville, Tennessee 37219
(615) 532-3555 ctas.tennessee.edu

Dear Official,

As previously provided guidance indicated ([see link here](#)), online sports betting became effective in Tennessee on November 1, 2020. This provides a reminder and some updated information in relation to that guidance as counties should have received the first installment of that revenue source in January of 2021.

The Comptroller's Office Division of Local Government Audit has amended the Uniform Chart of Accounts to add the following account for receipt of the revenue:

46855 - State Shared Sports Gaming Privilege Tax

As referenced in the statute, the funds are to be receipted into the general fund to be used for local infrastructure projects, including, without limitation, transportation and road projects, as well as public buildings. Representatives with the Comptroller's Office Division of Local Government Audit have indicated that they will be auditing the expenditures for compliance with the uses stipulated by the statute (i.e., infrastructure projects) as opposed to the fund that they are expended from, thus creating an opportunity for county legislative bodies to allocate the revenue source to a fund other than the general fund. Should the county legislative body choose to do so, the revenue source should first be deposited into the general fund and then transferred to the applicable fund.

It is also important to note that the funds that remain unspent at the end of the fiscal year will need to be restricted per GASB 54.

Please contact your county government consultant should you have any questions.

CONTACT

(615) 532-3555 ctas.support@tennessee.edu <http://ctas.tennessee.edu>

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226 Anne Dallas Dudley Blvd. Suite 400
Nashville, TN | 37219 United States

*Sports Gaming can not
be used for VFD

Robby Holbrook

From: Amy E. Moore <Amy.E.Moore@cot.tn.gov>
Sent: Thursday, May 27, 2021 9:04 AM
To: Robby Holbrook
Subject: RE: Sports Gaming Privilege Tax

Good Morning Robby,

Because of the nature of this new state tax revenue and the restrictions in place, it is by law a restricted revenue, so you would not need any local authorization for this. I had this same question in another county, as they were trying to determine an account number for the restriction. Just for your reference, I suggested the following, but you can decide what is best for Anderson County.

Sports Betting Tax (101-46885): Per statute, the revenue is restricted for " transportation, road projects, and public buildings" which covers various functions in the county and classifications on the State Chart of Accounts. Therefore, you could probably choose to use one of the following three (and use a cost center):

- 34510 – Restricted for General Government
- 34545 – Restricted for Other Operations
- 34590 – Restricted for Other Purposes

I hope this answers your question?

Amy E. Moore, CGFM
Legislative Auditor
Comptroller of the Treasury
Division of Local Government Audit
5401 Kingston Pike, Building 2, Suite 300 | Knoxville, TN 37918
amy.e.moore@cot.tn.gov | Direct Line 615.747.8828



Mission: To Make Government Work Better

From: Robby Holbrook <rholbrook@andersoncountyttn.gov>
Sent: Thursday, May 27, 2021 8:58 AM
To: Amy E. Moore <Amy.E.Moore@cot.tn.gov>
Subject: Sports Gaming Privilege Tax

Amy,

We are now receiving the state shared sports gaming privilege tax. I haven't spoken about this to Commission yet, but there are specific instructions on how this money can be spent. I've attached the CTAS guidance. My question is do I need to take this to Budget Committee/Commission to have this money restricted, or can I do this automatically. We have \$12,340, and haven't spent any of it.

ARP

Technical Assistance Program Training Timeline

SEPTEMBER 2021 (Phase 1 - Local Government Engagement)

Sep 1 - 13	State releases schedule for 10-week training program for local government officials
	State releases Local Government ARPA Spending Plan template (after Treasury Interim Rule becomes Final.)

SEPTEMBER – NOVEMBER 2021 (Phase 2 - Local Government Training)

Sep 13 – Nov 19	Begin and complete 10-week training program with local government officials.
	State releases monthly updates on Treasury guidance and local government assistance program and hosts monthly call with local leaders to solicit and respond to frequently asked questions.

JANUARY 2022 - JUNE 2022 (Phase 3 - Local Government Annual Plan Review)

Jan 4, 2022	Portal opens for submission of local government annual ARP spend plans for state review
Jan 4 - Apr 30	State review of local plans and provide feedback and guidance to local governments in response
May 1 - June 30	Local governments encouraged to integrate local government spend plans into local government budgets to be submitted and approved by the Comptroller.

(H)



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Anderson County
Tennessee**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

III



GOVERNMENT FINANCE OFFICERS ASSOCIATION
NEWS RELEASE

FOR IMMEDIATE RELEASE

9/1/2021

For more information contact:
Michele Mark Levine, Director/TSC
Phone: (312) 977-9700
Fax: (312) 977-4806
Email: mlevine@gfoa.org

→ (Chicago, Illinois)—Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to **Anderson County** for its comprehensive annual financial report for the fiscal year ended June 30, 2020. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Government Finance Officers Association (GFOA) advances excellence in government finance by providing best practices, professional development, resources, and practical research for more than 21,000 members and the communities they serve.



203 NORTH LASALLE STREET, SUITE 2700, CHICAGO, ILLINOIS 60601-1210

2010/2011 Fiscal Year

Anderson County Government

Non-Profit Funding Policy

1. No organization can receive more than \$5,000.
2. All non-profits must provide proof of 501(c)3 status for the most recent year prior to the date of application.
3. Funds will be provided only to an organization that perform countywide functions of government (i.e. health, legal, education, public safety).
4. Applicants must complete the Application for County Funds.
5. Organizations must list a specific project (or projects) for which the funds will be used.
6. Applications must be typed or computer generated. Handwritten applications will not be accepted.
7. Any in-kind services or other county funding will disqualify the applicant from receiving non-profit funding.
8. There will be no exceptions to the application deadline.
9. **Organizations that have not picked up funds within 30 days from date of notification by return receipt letter will forfeit funds.** Forfeited funds will return to the non-profit balance. Those funds can be re-allocated at the discretion of the Non-Profit Committee anytime during the year. Any funds not allocated will be rolled over to the next fiscal year for non-profit distribution.

Note:

The deadline to submit an application to request non-profit funding for the 2010/2011 fiscal year is Wednesday, February 9, 2011 at 12:00 Noon, in the County Commission Office, Room 118, Courthouse.

2010/2011 Fiscal Year

Anderson County Government

100 N. Main Street, Room 118, Clinton, Tennessee 37716

Non Profit Organizations Application for County Funds

The purpose of this document is to aid County Commissioners in evaluating expenditures, and services provided to Anderson County or its Residents. Response to these questions does not guarantee funding nor does it preclude an organization from funding. The County Commissioners will use this information to help them in their decisions during the selection process.

1. **Agency Making Request** _____
Address: _____
Mailing Address: _____
(if different than above)
2. **Contact Person:** _____
Phone Number(s): _____
E-Mail Address: _____
3. **Amount Requested:** _____
Are Funds Used As Matching: _____ Yes _____ No
4. How does this organization benefit Anderson County or Anderson County Residents?
Approximate the % of these funds that would directly benefit Anderson County Residents
and the % that is used for overhead. % Direct Benefit: _____ % Overhead: _____.

5. What group of citizens benefits from this organizations service? (i.e. all residents, age group, particular community)
 6. Is Anderson County's portion of the money being matched from elsewhere? If yes, from where and what is the matching ratio?
 7. How many individuals are benefiting per dollar, i.e. clients/dollar?
 8. If a previous appropriation has been received from the County, for how much and how long?
- Is an increase from the previous appropriation being requested? If yes, what is the amount of increase and what is the justification?
9. What other agencies or organizations perform this service to the community?
 10. How does your organization provide countywide functions of government (i.e. health, legal, education, public safety) ?

11. Is this Organization receiving funding from another county or municipality? If yes, how much and from which other entities?

12. Use this space to provide any additional information you would like to provide to the Commission.

13. **Your latest audit or financial report must be submitted with this application including the date of your next audit.** _____

(If you have any questions concerning your financial documents, please contact Deputy Budget Director Connie Aytes at 457-6202 for guidance)

14. **Attach copy of your 501(c)3 status.**

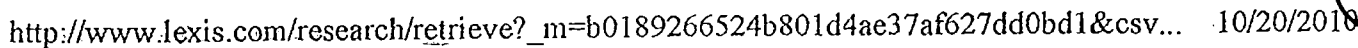
**** NOTE **** It is the responsibility of each organization applying for funding to ensure that the contact information and phone numbers stay current during this process. Failure to do so could result in the forfeiture of funding if awarded.

Accounting Use Only

Application Received: _____

Audit/Financial Report Received: _____

Proof of 501(c)3 Received: _____



10 IV

report detailing all receipts and expenditures.

(4) Such report shall be prepared and certified by the chief financial officer of such nonprofit organization.

(5) Financial reports shall be available to fiscal officers of the county and shall be subject to audit under provisions of

(d) Appropriations to nonprofit organizations other than charitable organizations may be made only when notices have been published in a newspaper of general circulation in the county of the intent to make an appropriation to a nonprofit but not charitable organization, specifying the intended amount of the appropriation and the purposes for which the appropriation will be spent.

HISTORY: [Acts 1976, ch. 696, § 1; 1977, ch. 120, § 1; Impl. am. Acts 1978, ch. 934, §§ 7, 22, 36; Acts 1979, ch. 132, § 1; T.C.A., § 5-932; Acts 1984, ch. 820, §§ 1, 3; ; , 2; ; ; .]

NOTES: Code Commission Notes.

Section 3 of Acts 1955, ch. 209, reads as follows:

"That it is hereby determined and declared that the purpose of this act is to do that which the state welfare demands, and the state public policy requires:

"(a) That the migration and loss of the people of Tennessee, who are compelled to leave the territorial limits of the state, daily, weekly, monthly and yearly to obtain employment and earn a livelihood be retarded and reduced.

"(b) That the conditions of unemployment existing statewide in Tennessee be relieved thereby reducing the evils attendant thereto.

"(c) That the average family income in Tennessee be raised and increased as much as possible, but to an amount at least the average over the United States.

"(d) That a means be provided for the citizens of communities to promote and develop industry in their areas, when it is possible for them to do so in their separate and individual capacities.

"(e) That a balanced economic development highly essential to the welfare of this state be promoted.

"(f) That the reconversion from war time and civil defense economy to peace time pursuits be expedited by a program for readjustment of employment to accord with employment problems necessarily arising from changed conditions.

"(g) That the present and prospective health, safety, morals, pursuit of happiness, right to gainful employment and the general welfare of the citizens demand as a public purpose, the development within Tennessee of commercial, industrial, agricultural and manufacturing enterprises by the several municipalities.

"(h) That the means and measures herein authorized to promote such enterprises are, as a matter of public policy, for the public purposes of the several municipalities, and the state of Tennessee.

"(i) That the present and prospective promotion of health, safety, morals, pursuit of happiness, right to gainful employment, and the general welfare of the state requires the measures that are herein and hereby authorized, and to that end will afford ready and attractive markets for farm and garden products, for the development of natural resources, and for the conversion of raw materials of farm, mine and forest into finished products for the general welfare of each of such municipalities, and the entire people of the state.

"(j) That the accomplishment of the things herein authorized to be done by the several municipalities will give to them local benefits peculiar to each, and general benefits to the entire state."

Compiler's Notes.

, referred to in this section, is codified at

Amendments.

The 2010 amendment deleted former (b)(1); merged (b)(2) and (3) as present (b); and deleted "in conjunction with the guidelines and procedures of the comptroller of the treasury" at the end of present (b).

Effective Dates.

. April 9, 2010.

IV

Objective 7: Use the Debt Plan as a guide to determine when it is in the citizens' best interest to incur additional interest and other costs and risks incurred with the issuance of debt with a balloon structure.

III. HISTORY

In 2011, the County's cash position was dangerously low and the County was unwilling to raise revenues to fund additional debt issues while still struggling from the significant economic downturn that started during the Great Recession of 2008.

COUNTY'S GENERAL FUND DEBT

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded then existing fixed rate debt and delay principal payments to bring general debt service expenses in line with the estimated revenues.
- b. The County also issued new debt to fund a jail expansion in 2011. That debt was structured as Balloon Debt. The County structured the repayment schedule to create an overall level amortization of the County's portfolio of debt. This required that the debt for the jail expansion be delayed until the County's other debt was retired. The County did this with the understanding that any major future borrowing would require new revenue sources to fund the new debt service.

Impact of Outstanding Balloon Debt

- Due to its low cash position experienced during the Great Recession, the County implemented its current General Fund - Fund Balance Policy. This policy has resulted in the County's General Fund balance to be over \$10,000,000 of restricted and unrestricted funds at year ended June 30, 2016.
- The County also placed a stronger emphasis on funding the Capital Project Fund to fund smaller projects and equipment purchase since nearly all of the revenues of the General Debt Service Fund are utilized until 2035.

At the time of the writing of this policy, total annual debt service payments are approximately level until 2028. Under the current revenue stream, the County does not have sufficient debt capacity to issue any new debt for substantial capital needs. As a result, the County will not be able to issue future debt for new projects as level debt utilizing the existing revenue stream, as described by T.C.A. § 9-21-134. See attached County GDSF Debt Chart.

V

ANDERSON COUNTY TENNESSEE

Debt Management Policy

Originally Adopted: August 15, 2011
Amended and Formally Adopted: November 21, 2016
Amended and Formally Adopted: August __, 2021



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INTRODUCTION

This Debt Management Policy (the “Debt Policy”) is a written guideline with parameters that affect the amount and type of debt that can be issued by Anderson County, Tennessee (the “County”), the issuance process and the management of the County’s debt. The purpose of this Debt Policy is to improve the quality of management and legislative decisions and to provide justification for the structure of debt issuances consistent with the Debt Policy’s goals while demonstrating a commitment to long-term capital planning. It is also the intent of the County that this Debt Policy will signal to credit rating agencies, investors and the capital markets that the County is well managed and will always be prepared to meet its obligations in a timely manner. This Debt Policy fulfills the requirements of the State of Tennessee regarding the adoption of a formal debt management policy on or before January 1, 2012. This updated policy amends the previously adopted Debt Policy on August 15, 2011 and as amended on November 21, 2016.

This Debt Policy provides guidelines for the County to manage its debt and related annual costs within both current and projected available resources while promoting understanding and transparency for our citizens, taxpayers, rate payers, businesses, investors and other interested parties.

The County may, from time to time, review this Debt Policy and make revisions and updates, if warranted.

ANDERSON COUNTY, TENNESSEE

DEBT MANAGEMENT POLICY

I. INTRODUCTORY STATEMENT

In managing its Debt (defined herein as tax-exempt or taxable bonds, capital outlay notes, other notes, capital leases, interfund loans or notes and loan agreements), it is the County's policy to:

- Achieve the lowest cost of capital within acceptable risk parameters
- Maintain or improve credit ratings
- Assure reasonable cost access to the capital markets
- Preserve financial and management flexibility
- Manage interest rate risk exposure within acceptable risk parameters
- Regularly review this Debt Policy and perform a risk assessment on debt management process and related internal controls

II. GOALS AND OBJECTIVES

Debt policies and procedures are tools that ensure that financial resources are adequate to meet the County's long-term capital planning objectives. In addition, the Debt management policy (the "Debt Policy") helps to ensure that financings undertaken by the County have certain clear, objective standards which allow the County to protect its financial resources in order to meet its long-term capital needs.

The Debt Policy formally establishes parameters for issuing debt and managing a debt portfolio which considers the County's specific capital improvement needs; ability to repay financial obligations; and, existing legal, economic, and financial market conditions. Specifically, the policies outlined in this document are intended to assist in the following:

- To guide the County in policy and debt issuance decisions
- To maintain appropriate capital assets for present and future needs
- To promote sound financial management
- To protect the County's credit rating

- To ensure the County's debt is issued legally under applicable state and federal laws
- To promote cooperation and coordination with other parties in the financing
- To evaluate debt issuance options
- To issue debt with a level or declining payment structure to create future debt capacity and financial flexibility
- To manage and mitigate the impact of past balloon indebtedness on the County's revenues

III. PROCEDURES FOR ISSUANCE OF DEBT

1) Authority

- a. The County will only issue Debt by utilizing the statutory authorities provided by *Tennessee Code Annotated* as supplemented and revised ("TCA") and the Internal Revenue Code (the "Code").
- b. The County will adhere to any lawfully promulgated rules and regulations of the State and those promulgated under the Code.
- c. All Debt must be formally authorized by resolution of the County's Legislative Body.

2) Transparency

- a. It is recognized that the issuance of Debt must have various approvals and on occasion, written reports provided by the State of Tennessee Comptroller's office either prior to adoption of resolutions authorizing such Debt, prior to issuance and/or following issuance. The County, in conjunction with any professionals (including, but not limited to, financial advisors, underwriters, bond counsel, etc. which may individually or collectively be referred to herein as "Financial Professionals") will ensure compliance with TCA, the Code and all federal and State rules and regulations. Such State compliance will include, but not be limited to, compliance with all legal requirements regarding adequate public notice of all meetings of the County related to consideration and approval of Debt. Additionally, the County shall provide the Tennessee Comptroller's office sufficient information on the Debt to not only allow for transparency regarding the issuance, but also assuring that the Comptroller's office has sufficient information to adequately report or approve any formal action related to the sale and issuance of Debt. The

County will also make this information available to its legislative body, citizens and other interested parties.

- b. The County will file its Audited Financial Statements and any Continuing Disclosure document prepared by the County or its Dissemination Agent. To promote transparency and understanding, these documents should be furnished to members of the Legislative Body and made available electronically or by other usual and customary means to its citizens, taxpayers, rate payers, businesses, investors and other interested parties by posting such information on-line or in other prominent places.

IV. CREDIT QUALITY AND CREDIT ENHANCEMENT

The County's Debt management activities will be conducted in order to maintain or receive the highest possible credit ratings. The Mayor and Finance Director in conjunction with any Financial Professionals that the County may choose to engage will be responsible for maintaining relationships and communicating with one or more rating agencies.

The County will consider the use of credit enhancements, on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when clearly demonstrable savings can be shown shall an enhancement be considered. The County will consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

1) Insurance

The County may purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds.

2) Letters of Credit

The County may enter into a letter-of-credit ("LOC") agreement when such an agreement is deemed prudent and advantageous. The County or its Financial Professionals, if any, may seek proposals from qualified banks or other qualified financial institutions pursuant to terms and conditions that are acceptable to the County.

V. AFFORDABILITY

The County shall consider the ability to repay Debt as it relates to the total budget resources, the wealth and income of the community and its property tax base and other revenues available to service the Debt. The County may consider debt ratios and other benchmarks

compared to its peers when analyzing its Debt including materials published by the nationally recognized credit rating agencies.

VI. DEBT STRUCTURE

The County shall establish all terms and conditions relating to the issuance of Debt and will invest all bond proceeds pursuant to the terms of its investment policy, if any. Unless otherwise authorized by the County, the following shall serve as the Debt Policy for determining structure:

1) Term

All capital improvements financed through the issuance of Debt will be financed for a period not to exceed the useful economic life of the improvements and in consideration of the ability of the County to absorb such additional debt service expense. The term of Debt shall be determined by, but not limited to, the economic life of the assets financed, conditions in the capital markets, the availability of adequate revenue streams to service the Debt and the existing pattern of Debt payable from such identifiable fund or enterprise activity, but in no event will the term of such Debt exceed forty (40) years, as outlined in TCA.

2) Capitalized Interest

From time to time, certain financings may require the use of capitalized interest from the date of issuance until the County is able to realize beneficial use and/or occupancy of the financed project. Interest may be capitalized through a period permitted by federal law and TCA if it is determined that doing so is beneficial to the financing by the Legislative Body and is appropriately memorialized in the legislative action authorizing the sale and issuance of the Debt.

3) Debt Service Structure

General Obligation debt issuance shall be planned to achieve relatively net level debt service or level principal amortization considering the County's outstanding debt obligations, while matching debt service to the useful economic life of facilities. Absent events or circumstances determined by its Legislative Body, the County shall avoid the use of bullet or balloon maturities (with the exception of sinking fund requirements required by term bonds). Debt which is supported by project revenues and is intended to be self-supporting should be structured to achieve level proportional coverage to expected available revenues.

4) Balloon Debt

It is in the best interest of the citizens to maintain a debt portfolio utilizing individual debt issues in a manner that minimizes interest paid and other related costs as well as repaying principal as rapidly as possible to create financial flexibility and future debt capacity. Balloon indebtedness does not generally meet these objectives. The County Commission will make sure to additionally comply with T.C.A. § 9-21-134 and its Balloon Debt Management Plan, as attached as Exhibit A. This will include the requirements for balloon indebtedness found in the Tennessee State Funding Board's guidance on debt management policies and balloon indebtedness.

5) Call Provisions

In general, the County's Debt should include a call feature no later than ten (10) years from the date of delivery of the bonds. The County will avoid the sale of long-term debt which carries longer redemption features unless a careful evaluation has been conducted by the Mayor and Finance Director and/or Financial Professionals, if any, with respect to the value of the call option.

6) Original Issuance Discount/Premium

Debt with original issuance discount/premium will be permitted.

7) Deep Discount Bonds

Deep discount debt may provide a lower cost of borrowing in certain capital markets. The Mayor and Finance Director and/or Financial Professionals, if any, should carefully consider their value and effect on any future refinancing as a result of the lower-than-market coupon.

VII. DEBT TYPES

When the County determines that Debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

1) Security Structure

a. General Obligation Bonds

The County may issue Debt supported by its full faith, credit and unlimited ad valorem taxing power ("General Obligation Debt"). General Obligation Debt shall be used to finance capital projects that do not have significant independent creditworthiness or significant on-going revenue streams or as additional credit

support for revenue-supported Debt, if such support improves the economics of the Debt and is used in accordance with these guidelines.

b. Revenue Debt

The County may issue Debt supported exclusively with revenues generated by a project or enterprise fund ("Revenue Debt"), where repayment of the debt service obligations on such Revenue Debt will be made through revenues generated from specifically designated sources. Typically, Revenue Debt will be issued for capital projects which can be supported from project or enterprise-related revenues.

c. Capital Leases

The County may use capital leases to finance projects assuming the Mayor and Finance Director and/or Financial Professionals, if any, determine that such an instrument is economically feasible.

2) Duration

a. Long-Term Debt

The County may issue long-term debt when it is deemed that capital improvements should not be financed from current revenues or short-term borrowings. Long-term debt will not be used to finance current operations or normal maintenance. Long-term debt will be structured such that financial obligations do not exceed the expected useful economic life of the project(s) financed. Long-term debt will be structured with a level or declining payment structure, unless the County determines that a Balloon Debt structure is in the best interest of its citizens and additionally complies with T.C.A. § 9-21-134 and its Balloon Debt Management Plan, as attached as Exhibit A.

- i. *Serial and Term Debt.* Serial and Term Debt may be issued in either fixed or variable rate modes to finance capital infrastructure projects;
- ii. *Capital Outlay Notes ("CONs").* CONs may be issued to finance capital infrastructure projects with an expected life up to twelve years; or
- iii. *Capitalized Leases.* Capitalized Leases may be issued to finance infrastructure projects or equipment with an expected life not greater than its expected useful life.

b. Short-Term Debt

Short-term borrowing may be utilized for:

- i. Financing short economic life assets;
- ii. The construction period of long-term projects;
- iii. For interim financing; or
- iv. For the temporary funding of operational cash flow deficits or anticipated revenues subject to the following policies:
 - a. *Bond Anticipation Notes ("BANs")*. BANs, including commercial paper notes issued as BANs, may be issued instead of capitalizing interest to reduce the debt service during the construction period of a project or facility. The BANs shall not mature more than 2 years from the date of issuance. BANs can be rolled in accordance with federal and state law. BANs shall mature within 6 months after substantial completion of the financed facility.
 - b. *Revenue Anticipation Notes ("RANs") and Tax Anticipation Notes ("TANs")*. RANs and TANS shall be issued only to meet cash flow needs consistent with a finding by bond counsel that the sizing of the issue fully conforms to federal IRS and state requirements and limitations.
 - c. *Lines of Credit*. Lines of Credit shall be considered as an alternative to other short-term borrowing options. A line of credit shall only be structured to federal and state requirements.
 - d. *Interfund Loans*. Interfund Loans shall only be used to fund operational deficiencies among accounts or for capital projects to be paid from current fiscal year revenues. Such interfund loans shall be approved by the State Comptroller's office and shall only be issued in compliance with state regulations and limitations.
 - e. *Other Short-Term Debt*. Other Short-Term Debt including commercial paper notes, BANs, Capitalized Leases and CONs may be used when it provides an interest rate advantage or as interim financing until market conditions are more favorable to issue debt in a fixed or variable rate mode. The County will determine and utilize the most advantageous method for short-term borrowing. The County may issue short-term Debt when there is a defined repayment source or amortization of principal.

3) Interest Rate Modes

a. **Fixed Rate Debt**

To maintain a predictable debt service schedule, the County may give preference to debt that carries a fixed interest rate.

b. **Variable Rate Debt**

The targeted percentage of net variable rate debt outstanding (excluding an amount of debt considered to be naturally hedged to short-term assets in the Unreserved General and/or Debt Service Fund Balance) shall not exceed 35% of the County's total outstanding debt and will take into consideration the amount and investment strategy of the County's operating cash.

The following circumstances may result in the consideration of issuing variable rate debt:

- i. *Asset-Liability Matching;*
- ii. *Construction Period Funding;*
- iii. *High Fixed Interest Rates:* Interest rates are above historic averages;
- iv. *Diversification of Debt Portfolio;*
- v. *Variable Revenue Stream.* The revenue stream for repayment is variable and is anticipated to move in the same direction as market-generated variable interest rates or the dedication of revenues allows capacity for variability; and
- vi. *Adequate Safeguard against Risk.* Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts such structures could include, but are not limited to, interest rate caps and short-term cash investments in the County's General Fund.

An analysis by the Mayor and Finance Director and/or Financial Professionals, if any, shall be conducted to evaluate and quantify the risks and returns associated with the variable rate Debt including, but not limited to, a recommendation regarding the use of variable rate debt.

4) **Zero Coupon Debt**

Zero Coupon Debt may be used if an analysis has been conducted by the Mayor and Finance Director and/or Financial Professionals, if any, and the risks and returns

associated with the Zero Coupon Debt have been made. The analysis shall include, but not be limited to a recommendation regarding the use of Zero Coupon Debt as the most feasible instrument considering available revenues streams, the need for the project and other factors determined by the Legislative Body.

5) Synthetic Debt

The County will not enter into any new interest rate swaps or other derivative instruments unless it adopts a Debt Derivative Policy consistent with the requirements of TCA and only after approval of the State Comptroller's office and affirmative action of the Legislative Body.

VIII. REFINANCING OUTSTANDING DEBT

The Mayor and Finance Director, in conjunction with Financial Professionals, if any, shall have the responsibility to analyze outstanding Debt for refunding opportunities. The Mayor and Finance Director will consider the following issues when analyzing possible refunding opportunities:

1) Debt Service Savings

Absent other compelling considerations such as the opportunity to eliminate onerous or restrictive covenants contained in existing Debt documents, the County has established a minimum net present value savings threshold of at least 3.0 percent of the advance refunded Debt principal amount. Current refunding opportunities may be considered by the County using any savings threshold if the refunding generates positive net present value savings. The decision to take less than 3.0 percent net present value savings for an advance refunding or to take the savings in any manner other than a traditional year-to-year level savings pattern must be approved by the Legislative Body or delegated to the County's Chief Executive.

2) Balloon Debt

It is in the best interest of the citizens to maintain a debt portfolio utilizing individual debt issues in a manner that minimizes interest paid and other related costs as well as repaying principal as rapidly as possible to create financial flexibility and future debt capacity. Balloon indebtedness does not generally meet these objectives. The County Commission will make sure to additionally comply with T.C.A. § 9-21-134 and its Balloon Debt Management Plan, as attached as Exhibit A. This will include the requirements for balloon indebtedness found in the Tennessee State Funding Board's guidance on debt management policies and balloon indebtedness.

3) Restructuring for economic purposes

The County may also refund Debt when it is in its best financial interest to do so. Such a refunding will be limited to restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, release reserve funds or remove unduly restrictive bond covenants or any other reason approved by the Legislative Body in its discretion. The County aspires to issue refunding debt with a level or declining debt payment structure and whenever possible mitigate previously issued balloon indebtedness structures.

4) Term of Refunding Issues

Normally, the County will refund Debt equal to or within its existing term. However, the Mayor and Finance Director may consider maturity extension, when necessary to achieve desired outcomes, provided that such extension is legally permissible and it is approved by the Legislative Body. The Mayor and Finance Director may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful economic life of the financed facility and the concept of intergenerational equity should guide these decisions.

5) Escrow Structuring

The County shall utilize the least costly securities available in structuring refunding escrows. In the case of open market securities, a certificate will be provided by a third party agent, who is not a broker-dealer stating that the securities were procured through an arms-length, competitive bid process, that such securities were more cost effective than State and Local Government Obligations (SLGS), and that the price paid for the securities was reasonable within Federal guidelines. In cases where taxable Debt is involved, the Mayor and Finance Director, with the approval of bond counsel, may make a direct purchase as long as such purchase is the most efficient and least costly. Under no circumstances shall an underwriter, agent or any Financial Professionals sell escrow securities involving tax-exempt Debt to the County from its own account.

6) Arbitrage

The County shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding. Any positive arbitrage will be rebated as necessary according to Federal guidelines.

IX. METHODS OF ISSUANCE

The Mayor and Finance Director may consult with a Financial Professional regarding the method of sale of Debt. Subject to approval by the Legislative Body, the Mayor and

Finance Director will determine the method of issuance of Debt on a case-by-case basis consistent with the options provided by prevailing State law.

1) Competitive Sale

In a competitive sale, the County's Debt will be offered in a public sale to any and all eligible bidders. Unless bids are rejected, the Debt shall be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale.

In a competitive sale, a financial advisor may not bid on an issue for which they are providing advisory services.

2) Negotiated Sale

The County recognizes that some securities are best sold through a negotiated sale with an underwriter or group of underwriters. The County shall assess the following circumstances in determining whether a negotiated sale is the best method of sale:

- a. State requirements on negotiated sales;
- b. Debt structure which may require a strong pre-marketing effort such as those associated with a complex transaction generally referred to as a "story" bond;
- c. Size or structure of the issue which may limit the number of potential bidders;
- d. Market conditions including volatility wherein the County would be better served by the flexibility afforded by careful timing and marketing such as is the case for Debt issued to refinance or refund existing Debt;
- e. Whether the Debt is to be issued as variable rate obligations or perhaps as Zero Coupon Debt;
- f. Whether an idea or financing structure is a proprietary product of a single firm;
- g. In a publicly offered or privately placed, negotiated sale, a financial advisor, if any, shall not be permitted to resign as the financial advisor in order to underwrite or privately place an issue for which they are or have been providing advisory services;
- h. The underwriter shall clearly identify itself in writing as an underwriter and not as a financial advisor from the earliest stages of its relationship with the County with respect to the negotiated issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's length commercial transaction and that it has financial and other interests that differ from those of the County. The underwriter

in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Legislative Body (or its designated official) in advance of the pricing of the debt.

3) Private Placement

From time to time, the County may elect to privately place its Debt. Such placement shall only be considered if this method is demonstrated to be advantageous to the County.

X. PROFESSIONALS

1) Financial Professionals

As needed, the County may select Financial Professionals to assist in its Debt issuance and administration processes. In selecting Financial Professionals, consideration should be given with respect to:

- a. relevant experience with municipal government issuers and the public sector;
- b. indication that the firm has a broadly based background and is therefore capable of balancing the County's overall needs for continuity and innovation in capital planning and Debt financing;
- c. experience and demonstrated success as indicated by its experience;
- d. the firm's professional reputation;
- e. professional qualifications and experience of principal employees; and
- f. the estimated costs, but price should not be the sole determining factor.

2) Miscellaneous

a. Written Agreements

- i. Any Financial Professionals engaged by the County shall enter into written agreements including, but not limited to, a description of services provided and fees and expenses to be charged for the engagement.
- ii. The County shall enter into an engagement letter agreement with each lawyer or law firm representing the County in a debt transaction. No engagement letter is required for any lawyer who is an employee of the County or lawyer or law

firm which is under a general appointment or contract to serve as counsel to the County. The County does not need an engagement letter with counsel not representing the County, such as underwriters' counsel.

- iii. The County shall require all Financial Professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the County and the lender or conduit issuer, if any. This includes "soft" costs or compensations in lieu of direct payments.

b. Conflict of Interest

- i. Financial Professionals involved in a debt transaction hired or compensated by the County shall be required to disclose to the County existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisors, swap advisors, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the County to appreciate the significance of the relationships.
- ii. Financial Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

XI. COMPLIANCE

1) Continuing Annual Disclosure

Normally at the time Debt is delivered, the County will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the publicly traded Debt to provide certain financial information relating to the County by not later than twelve months after each of the County's fiscal years, (the "Annual Report and provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the MSRB through the operation of the Electronic Municipal Market Access system ("EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the County is unable to provide the Annual Report to the MSRB and any SID by the date required, notice of each failure will be sent to the MSRB and any SID on or before such date. The notices of certain enumerated events will be filed by the County with the MSRB through EMMA and any SID. The specific nature of the

information to be contained in the Annual Report or the notices of significant events is provided in each Continuing Disclosure Certificate. These covenants are made in order to assist underwriters in complying with SEC Rule 15c2-12(b) (the "Rule").

2) Arbitrage Rebate

The County will also maintain a system of record keeping and reporting which complies with the arbitrage rebate compliance requirements of the Internal Revenue Code (the "Code").

3) Records

The County will also maintain records required by the Code including, but not limited to, all records related to the issuance of the debt including detailed receipts and expenditures for a period up to 6 years following the final maturity date of the Debt or as required by the Code.

4) Internal Controls

In accordance with the requirements of T.C.A. § 9-18-102, the County Commission using its audit committee and appropriate County personnel shall perform a risk assessment of any funds associated with the payment of debt.

XII. DEBT POLICY REVIEW

1) General Guidance

The guidelines outlined herein are only intended to provide general direction regarding the future issuance of Debt. The County Commission maintains the right to modify this Debt Policy and may make exceptions to any of its guidelines at any time to the extent that the execution of such Debt achieves the goals of the County as long as such exceptions or changes are consistent with TCA and any rules and regulations promulgated by the State.

The County Commission shall regularly review this Debt Policy and perform a risk assessment on the related internal control procedures. Further the Debt Policy will be reviewed from time to time as circumstances, such as during the planning of new debt issuances, rules and regulations warrant. Any amended Debt Policy will be filed with the Office of State and Local Finance in accordance with State Funding Board requirements.

2) Designated Official

The County Mayor and Finance Director are responsible for ensuring substantial compliance with this Debt Policy.

EXHIBIT A

ANDERSON COUNTY TENNESSEE

Balloon Debt Management Plan

Sept 10 - 1940

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Anderson County, Tennessee

Balloon Debt Management Plan

I. INTRODUCTION

This Balloon Debt Management Plan (the “Debt Plan”) is a written guideline to manage, reduce, and mitigate the effect of existing Balloon Debt on the County’s financial condition and to issue future debt structured with level principal payments or a level debt amortization. The County has previously issued Balloon Debt as defined by Public Chapter 766, Acts of 2014 (“Balloon Debt”). This outstanding Balloon Debt has reduced the County’s future capacity to issue debt and its financial flexibility to meet future needs. The purpose of this Debt Plan is to improve the quality of management and legislative decisions for the County regarding the structure of its current and future debt issuances consistent with the County’s Debt Management Policy’s (“DMP”) goals and to do what is in the best interest of the County and its taxpayers.

Policy Statement: It is in the best interest of the County’s citizens to maintain a debt portfolio utilizing individual debt issues in a manner that minimizes interest paid, the real cost of debt, and other related costs as well as repaying principal as rapidly as possible to create financial flexibility and future debt capacity. Balloon Debt does not generally meet these objectives.

This Debt Plan formally establishes parameters for structuring debt and managing a debt portfolio that considers:

- specific current capital improvement needs,
- future capital improvement needs,
- ability to repay financial obligations,
- impact on future debt capacity and revenues available for operations, and
- existing legal, economic, and financial market conditions.

Specifically, the intent of the plan outlined in this document is to assist in the following:

- To guide the County Commission in debt issuance decisions
- To establish a County Commission policy to issue new money debt that is not Balloon Debt as defined by T.C.A. § 9-21-134
- To manage and mitigate the County’s currently outstanding Balloon Debt
- To create future debt capacity
- To promote sound financial management
- To protect the County's credit rating

The Debt Plan will be divided into four (4) sections for each of the major funds that have debt: County’s General Debt Service Fund, Rural School Debt Service Fund (Rural

Elementary School Fund), Education Debt Service Fund (Rural High School Fund) and General Purpose School Fund.

The County Commission will regularly review this Debt Plan and its DMP and make revisions and updates, if warranted. The County Commission will utilize this Debt Plan with its DMP when planning future debt issues. If the County Commission plans to issue Balloon Debt in the future, it will review this Debt Plan and ensure it follows the Debt Plan guidance.

II. GOALS AND OBJECTIVES

The County's goal is to issue debt structured in a manner that:

- minimizes the real cost of debt: interest payments;
- creates future debt capacity within its projected future revenue stream to meet the County's capital needs; and
- provides financial flexibility by reducing future calls on the County's revenues for annual debt service.

Objective 1: Create future debt capacity within the projected debt service revenue stream with an overall declining structure for the County's debt portfolio and the flexibility to use that debt service revenue stream for future operations or other needs of the County.

Objective 2: Issue new debt with a level or declining debt payment structure.

Objective 3: Manage the County's currently outstanding Balloon Debt in a manner that mitigates its effects on the County's future revenues, if possible, by:

- restructuring;
- early repayment;
- delaying of capital projects until capacity is available to issue debt structured with level or declining payment;
- or such action available within its financial capacity to manage debt.

Objective 4: Understand any proposed transaction and reasonable alternatives before taking action

Objective 5: Explain to the County's citizens any proposed transaction including the cost and risks.

Objective 6: Protect and improve the County's credit rating by managing the County's current Balloon Debt and by issuing future debt with a level or declining payment structure.

- Objective 7:** Use the Debt Plan as a guide to determine when it is in the citizens' best interest to incur additional interest and other costs and risks incurred with the issuance of debt with a balloon structure.

III. HISTORY

In 2011, the County's cash position was dangerously low and the County was unwilling to raise revenues to fund additional debt issues while still struggling from the significant economic downturn that started during the Great Recession of 2008. Since that time, the County has eliminated all of its balloon debt in the General Debt Service Fund except the General Obligation Refunding Bonds, Series 2017 (the "Series 2017 Bonds").

COUNTY'S GENERAL FUND DEBT

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. The Series 2017 Bonds are callable on May 1, 2023, and it is the County's goal to eliminate this balloon debt in the future if the County is able to economically refinance the Series 2017 Bonds.

Impact of Outstanding Balloon Debt

- Due to its low cash position experienced during the Great Recession, the County implemented its current General Fund - Fund Balance Policy. This policy has resulted in the County's General Fund balance to be over \$12,000,000 of restricted and unrestricted funds at year ended June 30, 2020.
- The County also placed a stronger emphasis on funding the Capital Project Fund to fund smaller projects and equipment purchase since nearly all of the revenues of the General Debt Service Fund are utilized until 2035.

At the time of the writing of this policy, total annual debt service payments are approximately level until 2025. Under the current revenue stream, the County does not have sufficient debt capacity to issue any new debt for substantial capital needs. As a result, the County will not be able to issue future debt for new projects as level debt utilizing the existing revenue stream, as described by T.C.A. § 9-21-134. See attached County GDSF Debt Chart.

RURAL SCHOOL DEBT SERVICE FUND (Rural Elementary School)

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded existing variable rate debt paid from the Rural Debt Service Fund (RDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the RDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.
- b. The County also issued new debt in 2011 to fund renovations and expansions and new construction with the County's school system. That debt was originally structured as Balloon Debt to delay the repayment of a majority of the principal. However, this debt has since been refinanced and/or paid down and is no longer considered Balloon Debt.
- c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

Impact of Outstanding Balloon Debt

The County structured the 2011 RDSF debt issues with the understanding that any major future borrowing would require either a new revenue source or an increase in the current source to fund new debt service or that it would issue future debt with a Balloon Debt structure to delay principal payments, potentially increasing the total cost of debt for the original project(s). This Balloon Debt structure reduced future debt capacity within the revenue stream for the RDSF. Subsequently, the County issued additional debt with a Balloon Debt structure in fiscal year 2014.

The total annual payments are approximately level until 2026; then the payments decrease by approximately \$540,000 per year. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2027 and annual debt service cannot exceed \$540,000 during the period 2027 to 2031 without a new revenue source. See attached County RDSF (Rural Elementary School) Debt Chart.

EDUCATION DEBT SERVICE FUND (Rural High School)

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded existing variable rate debt paid from the Education Debt Service Fund (EDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the EDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.
- b. The County also issued new debt in 2011 to finance renovations and expansions and new construction within the County's school system. That debt was structured as Balloon Debt to delay the repayment of a majority of the principal. However,

this debt has since been refinanced and/or paid down and is no longer considered Balloon Debt.

c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

Impact of Outstanding Balloon Debt

The County structured these EDSF debt issues with the understanding that any major future borrowing would require either a new revenue source or an increase in the current source to fund new debt service or that it would issue future debt with a Balloon Debt structure delaying principal payments, potentially increasing the total cost of debt for the original project(s). This Balloon Debt structure reduced future debt capacity within the revenue stream for the RDSF. Subsequently, the County issued additional debt with a Balloon Debt structure in fiscal year 2014.

The total annual payments are approximately level until 2031 when the payments on the outstanding debt are complete. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2031 without a new revenue source. See attached County EDSF (Rural High School) Debt Chart.

GENERAL PURPOSE SCHOOL FUND DEBT

The General Purpose School Fund aspires to issue future debt as level debt.

The small amount of General Purpose School Fund debt will be retired in 2022 and is not considered Balloon Debt.. See attached General Purpose School Fund Debt Chart.

IV. PROCEDURE

The County Commission seeks to issue future debt for new large capital projects as level debt. The County Commission seeks to fund certain smaller capital projects using the monies appropriated and accumulated in the Capital Project Fund. The County Commission, within its available financial resources, seeks to take action to mitigate the effects of its currently outstanding Balloon Debt on the County's future revenues. The intent is to create sufficient future debt capacity to issue debt for capital projects without restructuring outstanding debt into Balloon Debt or issuing new money debt as Balloon Debt.

If it is determined that is in the public interest to issue New Debt, as defined under the "New Debt" heading below, or Outstanding Balloon Debt, as defined under the

“Outstanding Balloon Debt” heading below, that results in an extension of the original final maturity, as defined below, as Balloon Debt, the County Mayor will present a Plan of Balloon Indebtedness, as defined below, as prepared by the County’s staff and/or its supporting financial professionals, to the appropriate County Committee.

The Plan of Balloon Indebtedness will detail the transaction and explain why it is in the public’s interest. The Plan of Balloon Indebtedness will include the requisite information as outlined in the sections below entitled New Debt and Outstanding Balloon Indebtedness, as applicable. A majority of the appropriate County Committee shall determine if the structure of the transaction described in the Plan of Balloon Indebtedness is in the public’s interest and if it is to be submitted to the Division of Local Government Finance for approval. The Plan of Balloon Indebtedness will be submitted to the Division of Local Government Finance for approval in accordance with T.C.A. § 9-21-134 prior to the adoption of any authorizing resolution for debt structured as Balloon Debt.

If it is determined by the County Mayor as the Chief Executive Officer that is in the public interest to issue Outstanding Balloon Indebtedness that is a current refunding or an advance refunding that generates at least a 3.0% net present value savings, as a maturity to maturity refunding that results in Balloon Debt, the County Mayor may submit the maturity to maturity refunding Plan of Balloon Indebtedness as prepared by the County’s staff and/or its supporting financial professionals, directly to Division of Local Government Finance for approval in accordance with T.C.A. § 9-21-134 prior to the adoption of any authorizing resolution for debt structured as Balloon Debt.

The Plan of Balloon Indebtedness will include the requisite information as outlined in the sections below entitled New Debt and Outstanding Balloon Indebtedness, as applicable, and why it is in the public’s interest to issue Balloon Indebtedness.

A debt authorization resolution that structures the debt as Balloon Debt will not be adopted until approval of the Plan of Balloon Indebtedness is received from the Division of Local Government Finance. If the County Commission determines it will issue debt structured as Balloon Debt, it will provide the Plan of Balloon Indebtedness and the approval from the Division of Local Government Finance to the public.

New Debt

It is the desire of the County Commission to issue all new debt with a level debt structure. Balloon Debt structures can oftentimes increase the interest cost for a capital project, reduce future available debt capacity, and decrease the financial flexibility of the County Commission to use its revenue streams for other purposes. Such payment structures can sometimes be an indicator of financial stress. To comply with T.C.A. § 9-21-134 all new debt should be issued with a level debt or faster principal payment structure.

If the County Commission considers issuance of debt structured as Balloon Debt (as described by T.C.A. § 9-21-134) for future new projects, it will determine if it is in the public's best interest to utilize Balloon Debt. The County will ensure that any projected revenues used to secure debt will:

- be sufficient to pay for the debt being considered;
- be sufficient to pay all of its other existing outstanding debt service secured by the same projected revenues; and
- not hinder the County's ability to fund future capital needs or to fund future debt service in a level payment structure.

The County Commission shall also consider:

- the possible reduction of the County's future debt capacity within the current projected revenue stream; and
- the flexibility to use future revenues for other purposes.

The County Commission will evaluate the specific justification for issuing debt structured as Balloon Debt. At the time the County Commission considers whether a proposed debt issue with a Balloon Debt structure is in the public's best interest, it will disclose to the public an analysis ("Plan of Balloon Indebtedness") which will include the following:

- the proposed debt structure, including the principal and interest payments, and terms and life of the debt issue;
- a schedule or graph showing the County's total debt service for the fund in which the proposed debt is being issued, both pre and post issuance, showing the revenue required to service the debt for each fiscal year debt remains outstanding.
- a schedule or graph showing the percentage of debt retired every five years on both the proposed debt and overall debt;
- a schedule(s) or graph(s) showing whether the proposed structure, when compared to a level debt structure:
 - increases the interest cost for a capital project,
 - reduces future available debt capacity, or
 - decreases the financial flexibility of the County Commission to use its revenue streams for other purposes compared to a level debt structure.

Outstanding Balloon Debt

The County Commission will manage currently outstanding Balloon Debt in a manner that mitigates its effects on the County's future revenues, if possible, by:

- restructuring;
- early repayment;

- in extreme conditions and fiscal distress, delaying of capital projects until capacity is available to issue debt structured with level or declining payment; or
- such action available within its financial capacity to manage debt.

Whenever possible, the County Commission seeks either to restructure such Balloon Debt into a more level debt payment structure or to repay at a faster rate than the original structure. This may be achieved by refunding debt on a maturity to maturity basis or more level structure when interest rate savings can be achieved or by prepaying debt early with cash.

If for savings, the County Commission considers issuing refunding debt structured as Balloon Debt (as described by T.C.A. § 9-21-134) to refund outstanding debt with a Balloon Debt structure, it will determine if it is in the public's best interest. In making its determination, the County Commission will consider whether the benefits of a Balloon Debt structure outweigh:

- the possible reduction of the County's future debt capacity within the current projected revenue stream; and
- the flexibility to use future revenues for other purposes.

The County Commission will be provided with an analysis that will allow it to determine that any projected revenues used to secure debt will:

- be sufficient to pay for the debt being considered,
- be sufficient to pay all of its other existing outstanding debt service secured by the same projected revenues, and
- not hinder the County's ability to fund future capital needs or to fund future debt service in a level payment structure.

For maturity to maturity refundings, the County Commission will evaluate the specific justification for issuing debt structured as Balloon Debt. At the time the County Commission considers whether a proposed debt issue with a Balloon Debt structure is in the public's best interest, it will disclose to the public an analysis ("Plan of Balloon Indebtedness") which will include the following:

- the proposed debt structure, including the principal and interest payments, and terms and life of the debt issue, exhibiting that the proposed refunding debt's structure is more level or declining than the refunded debt's structure;
- a schedule or graph showing the County's total debt service for the fund in which the proposed debt is being issued, both pre and post issuance, showing the revenue required to service the debt for each fiscal year debt remains outstanding.

- a schedule or graph showing the percentage of debt retired every five years on both the proposed debt and overall debt;

Additionally, in addition to the above, if the County intends to extend the proposed debt for a term longer than the original debt as Balloon Debt and/or in a structure other than maturity to maturity the analysis will include:

- a schedule(s) or graph(s) showing whether the proposed structure, when compared to a level debt structure:
 - increases the interest cost for a capital project,
 - reduces future available debt capacity, or
 decreases the financial flexibility of the County Commission to use its revenue streams for other purposes compared to a level debt structure.

V. DEBT PLAN REVIEW

1) General Guidance

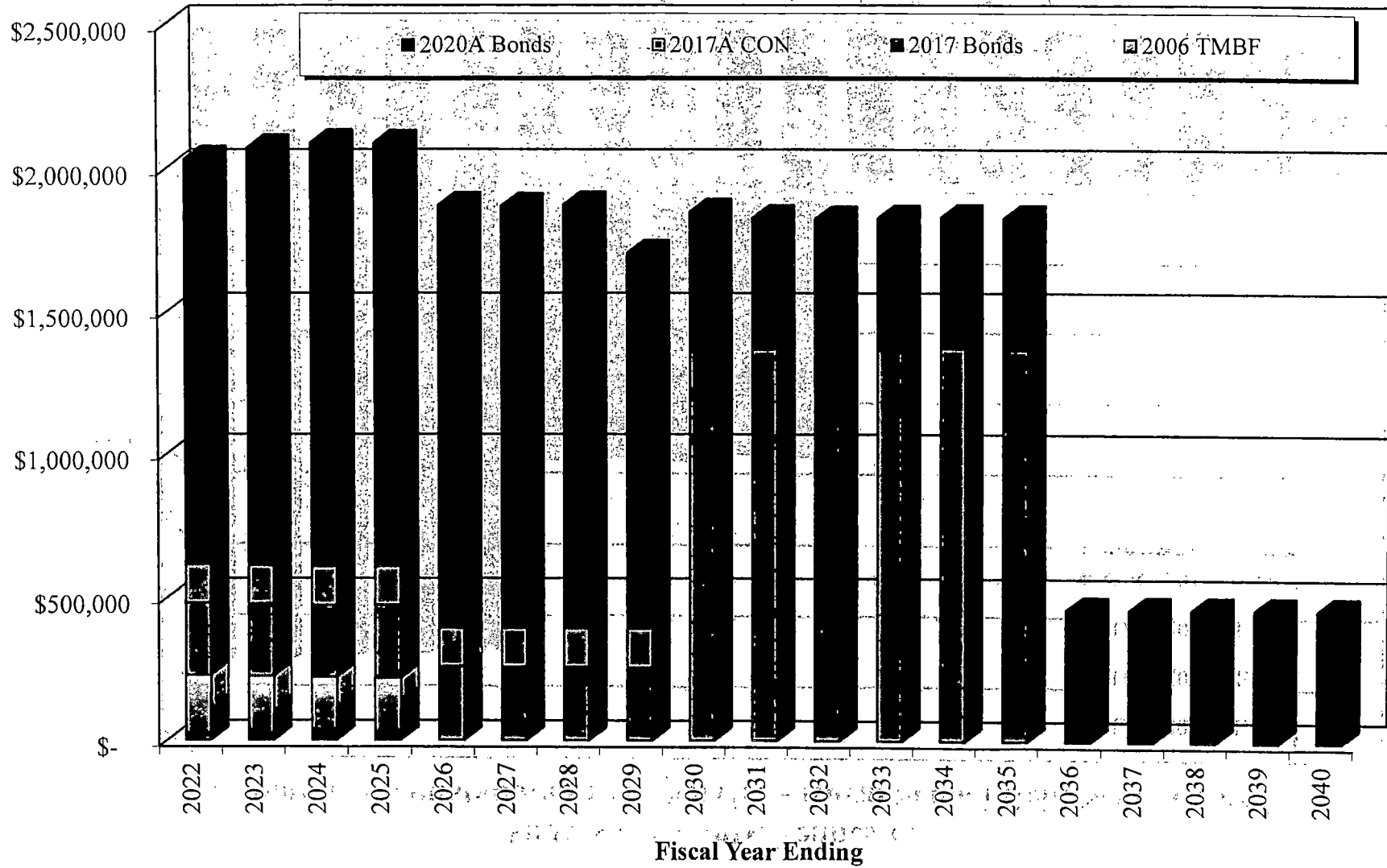
The guidelines outlined herein are only intended to provide general direction regarding the future issuance of Debt. The County Commission maintains the right to modify this Debt Plan and may make exceptions to any of its guidelines at any time to the extent that the execution of such Debt achieves the goals of the County as long as such exceptions or changes are consistent with TCA and any rules and regulations promulgated by the State.

This Debt Plan should be reviewed regularly with the DMP by the County Commission and from time to time as circumstances, such as during the planning of new debt issuances, rules and regulations warrant.

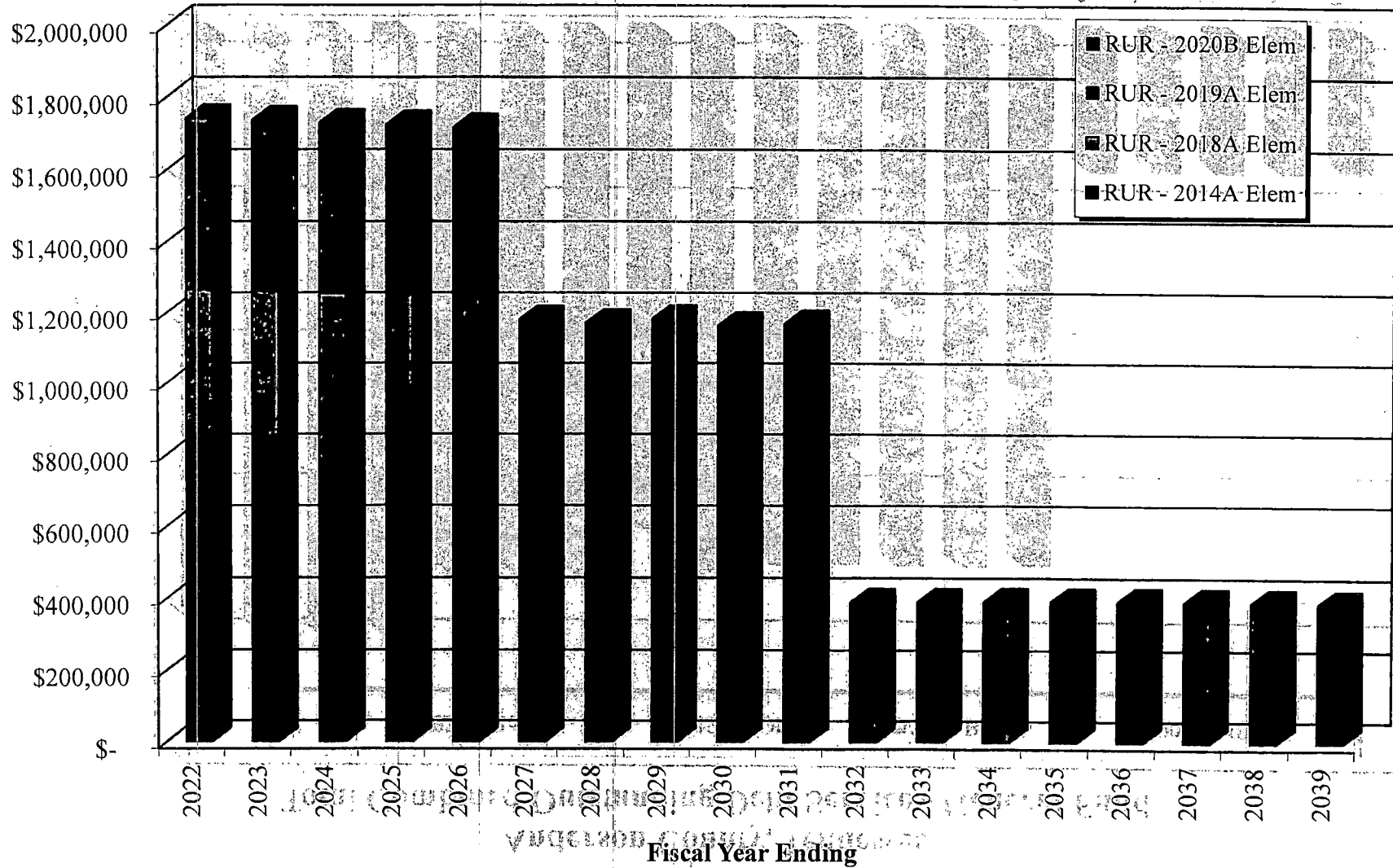
2) Designated Official

The County Mayor and Finance Director are responsible for ensuring substantial compliance with this Debt Plan.

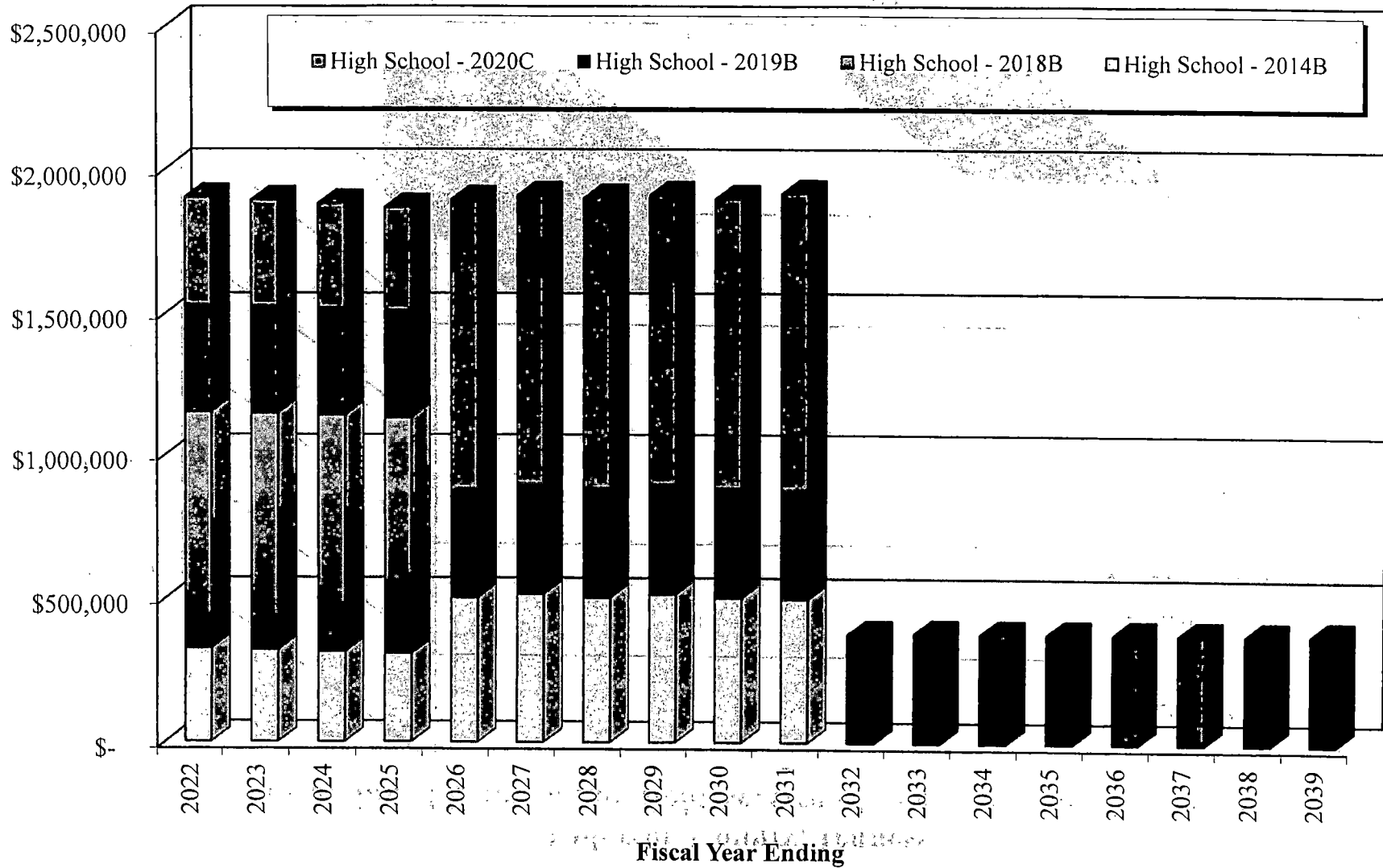
Anderson County, Tennessee **Total Combined Outstanding Debt Service - General Fund**



Anderson County, Tennessee **Total Combined Outstanding Debt Service - Rural School Debt Service Fund**



Anderson County, Tennessee **Total Combined Outstanding Debt Service - Education Debt Service Fund**



Anderson County, Tennessee
Total Combined Outstanding Debt Service - General Purpose School Fund

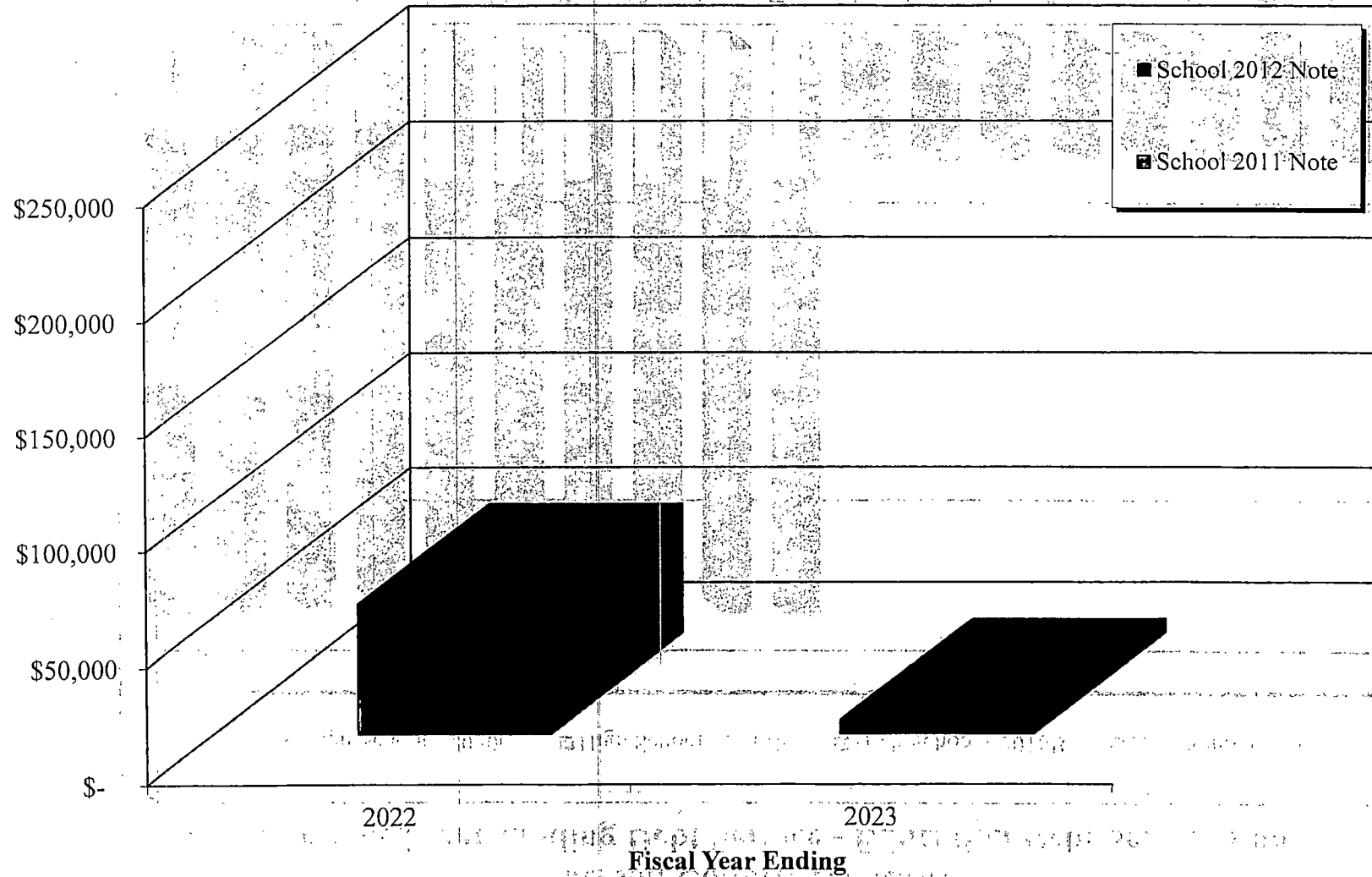


EXHIBIT A

**ANDERSON COUNTY
TENNESSEE**

Balloon Debt Management Plan

V

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Anderson County, Tennessee

Balloon Debt Management Plan

I. INTRODUCTION

This Balloon Debt Management Plan (the “Debt Plan”) is a written guideline to manage, reduce, and mitigate the effect of existing Balloon Debt on the County’s financial condition and to issue future debt structured with level principal payments or a level debt amortization. The County has previously issued Balloon Debt as defined by Public Chapter 766, Acts of 2014 (“Balloon Debt”). This outstanding Balloon Debt has reduced the County’s future capacity to issue debt and its financial flexibility to meet future needs. The purpose of this Debt Plan is to improve the quality of management and legislative decisions for the County regarding the structure of its current and future debt issuances consistent with the County’s Debt Management Policy’s (“DMP”) goals and to do what is in the best interest of the County and its taxpayers.

Policy Statement: It is in the best interest of the County’s citizens to maintain a debt portfolio utilizing individual debt issues in a manner that minimizes interest paid, the real cost of debt, and other related costs as well as repaying principal as rapidly as possible to create financial flexibility and future debt capacity. Balloon Debt does not generally meet these objectives.

This Debt Plan formally establishes parameters for structuring debt and managing a debt portfolio that considers:

- specific current capital improvement needs,
- future capital improvement needs,
- ability to repay financial obligations,
- impact on future debt capacity and revenues available for operations, and
- existing legal, economic, and financial market conditions.

Specifically, the intent of the plan outlined in this document is to assist in the following:

- To guide the County Commission in debt issuance decisions
- To establish a County Commission policy to issue new money debt that is not Balloon Debt as defined by T.C.A. § 9-21-134
- To manage and mitigate the County’s currently outstanding Balloon Debt
- To create future debt capacity
- To promote sound financial management
- To protect the County's credit rating

The Debt Plan will be divided into four (4) sections for each of the major funds that have debt: County’s General Debt Service Fund, Rural School Debt Service Fund (Rural

Elementary School Fund), Education Debt Service Fund (Rural High School Fund) and General Purpose School Fund.

The County Commission will regularly review this Debt Plan and its DMP and make revisions and updates, if warranted. The County Commission will utilize this Debt Plan with its DMP when planning future debt issues. If the County Commission plans to issue Balloon Debt in the future, it will review this Debt Plan and ensure it follows the Debt Plan guidance.

II. GOALS AND OBJECTIVES

The County's goal is to issue debt structured in a manner that:

- minimizes the real cost of debt: interest payments;
- creates future debt capacity within its projected future revenue stream to meet the County's capital needs; and
- provides financial flexibility by reducing future calls on the County's revenues for annual debt service.

Objective 1: Create future debt capacity within the projected debt service revenue stream with an overall declining structure for the County's debt portfolio and the flexibility to use that debt service revenue stream for future operations or other needs of the County.

Objective 2: Issue new debt with a level or declining debt payment structure.

Objective 3: Manage the County's currently outstanding Balloon Debt in a manner that mitigates its effects on the County's future revenues, if possible, by:

- restructuring;
- early repayment;
- delaying of capital projects until capacity is available to issue debt structured with level or declining payment;
- or such action available within its financial capacity to manage debt.

Objective 4: Understand any proposed transaction and reasonable alternatives before taking action

Objective 5: Explain to the County's citizens any proposed transaction including the cost and risks.

Objective 6: Protect and improve the County's credit rating by managing the County's current Balloon Debt and by issuing future debt with a level or declining payment structure.

Objective 7: Use the Debt Plan as a guide to determine when it is in the citizens' best interest to incur additional interest and other costs and risks incurred with the issuance of debt with a balloon structure.

III. HISTORY

➤ In 2011, the County's cash position was dangerously low and the County was unwilling to raise revenues to fund additional debt issues while still struggling from the significant economic downturn that started during the Great Recession of 2008. Since that time, the County has eliminated all of its balloon debt in the General Debt Service Fund except the General Obligation Refunding Bonds, Series 2017 (the "Series 2017 Bonds").

COUNTY'S GENERAL FUND DEBT

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. The Series 2017 Bonds are callable on May 1, 2023, and it is the County's goal to eliminate this balloon debt in the future if the County is able to economically refinance the Series 2017 Bonds.

Impact of Outstanding Balloon Debt

- Due to its low cash position experienced during the Great Recession, the County implemented its current General Fund - Fund Balance Policy. This policy has resulted in the County's General Fund balance to be over \$12,000,000 of restricted and unrestricted funds at year ended June 30, 2020.
- The County also placed a stronger emphasis on funding the Capital Project Fund to fund smaller projects and equipment purchase since nearly all of the revenues of the General Debt Service Fund are utilized until 2035.

At the time of the writing of this policy, total annual debt service payments are approximately level until 2025. Under the current revenue stream, the County does not have sufficient debt capacity to issue any new debt for substantial capital needs. As a result, the County will not be able to issue future debt for new projects as level debt utilizing the existing revenue stream, as described by T.C.A. § 9-21-134. See attached County GDSF Debt Chart.

RURAL SCHOOL DEBT SERVICE FUND (Rural Elementary School)

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded existing variable rate debt paid from the Rural Debt Service Fund (RDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the RDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.
- b. The County also issued new debt in 2011 to fund renovations and expansions and new construction with the County's school system. That debt was originally structured as Balloon Debt to delay the repayment of a majority of the principal. However, this debt has since been refinanced and/or paid down and is no longer considered Balloon Debt.
- c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

Impact of Outstanding Balloon Debt

The County structured the 2011 RDSF debt issues with the understanding that any major future borrowing would require either a new revenue source or an increase in the current source to fund new debt service or that it would issue future debt with a Balloon Debt structure to delay principal payments, potentially increasing the total cost of debt for the original project(s). This Balloon Debt structure reduced future debt capacity within the revenue stream for the RDSF. Subsequently, the County issued additional debt with a Balloon Debt structure in fiscal year 2014.

The total annual payments are approximately level until 2026, then the payments decrease by approximately \$540,000 per year. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2027 and annual debt service cannot exceed \$540,000 during the period 2027 to 2031 without a new revenue source. See attached County RDSF (Rural Elementary School) Debt Chart.

EDUCATION DEBT SERVICE FUND (Rural High School)

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded existing variable rate debt paid from the Education Debt Service Fund (EDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the EDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.
- b. The County also issued new debt in 2011 to finance renovations and expansions and new construction within the County's school system. That debt was structured as Balloon Debt to delay the repayment of a majority of the principal. However,

this debt has since been refinanced and/or paid down and is no longer considered Balloon Debt.

- c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

Impact of Outstanding Balloon Debt

The County structured these EDSF debt issues with the understanding that any major future borrowing would require either a new revenue source or an increase in the current source to fund new debt service or that it would issue future debt with a Balloon Debt structure delaying principal payments, potentially increasing the total cost of debt for the original project(s). This Balloon Debt structure reduced future debt capacity within the revenue stream for the RDSF. Subsequently, the County issued additional debt with a Balloon Debt structure in fiscal year 2014.

The total annual payments are approximately level until 2031 when the payments on the outstanding debt are complete. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2031 without a new revenue source. See attached County EDSF (Rural High School) Debt Chart.

GENERAL PURPOSE SCHOOL FUND DEBT

The General Purpose School Fund aspires to issue future debt as level debt.

The small amount of General Purpose School Fund debt will be retired in 2022 and is not considered Balloon Debt.. See attached General Purpose School Fund Debt Chart.

IV. PROCEDURE

The County Commission seeks to issue future debt for new large capital projects as level debt. The County Commission seeks to fund certain smaller capital projects using the monies appropriated and accumulated in the Capital Project Fund. The County Commission, within its available financial resources, seeks to take action to mitigate the effects of its currently outstanding Balloon Debt on the County's future revenues. The intent is to create sufficient future debt capacity to issue debt for capital projects without restructuring outstanding debt into Balloon Debt or issuing new money debt as Balloon Debt.

If it is determined that is in the public interest to issue New Debt, as defined under the "New Debt" heading below, or Outstanding Balloon Debt, as defined under the

“Outstanding Balloon Debt” heading below, that results in an extension of the original final maturity, as defined below, as Balloon Debt, the County Mayor will present a Plan of Balloon Indebtedness, as defined below, as prepared by the County’s staff and/or its supporting financial professionals, to the appropriate County Committee.

The Plan of Balloon Indebtedness will detail the transaction and explain why it is in the public’s interest. The Plan of Balloon Indebtedness will include the requisite information as outlined in the sections below entitled New Debt and Outstanding Balloon Indebtedness, as applicable. A majority of the appropriate County Committee shall determine if the structure of the transaction described in the Plan of Balloon Indebtedness is in the public’s interest and if it is to be submitted to the Division of Local Government Finance for approval. The Plan of Balloon Indebtedness will be submitted to the Division of Local Government Finance for approval in accordance with T.C.A. § 9-21-134 prior to the adoption of any authorizing resolution for debt structured as Balloon Debt.

If it is determined by the County Mayor as the Chief Executive Officer that is in the public interest to issue Outstanding Balloon Indebtedness that is a current refunding or an advance refunding that generates at least a 3.0% net present value savings, as a maturity to maturity refunding that results in Balloon Debt, the County Mayor may submit the maturity to maturity refunding Plan of Balloon Indebtedness as prepared by the County’s staff and/or its supporting financial professionals, directly to Division of Local Government Finance for approval in accordance with T.C.A. § 9-21-134 prior to the adoption of any authorizing resolution for debt structured as Balloon Debt.

The Plan of Balloon Indebtedness will include the requisite information as outlined in the sections below entitled New Debt and Outstanding Balloon Indebtedness, as applicable, and why it is in the public’s interest to issue Balloon Indebtedness.

A debt authorization resolution that structures the debt as Balloon Debt will not be adopted until approval of the Plan of Balloon Indebtedness is received from the Division of Local Government Finance. If the County Commission determines it will issue debt structured as Balloon Debt, it will provide the Plan of Balloon Indebtedness and the approval from the Division of Local Government Finance to the public.

New Debt

It is the desire of the County Commission to issue all new debt with a level debt structure. Balloon Debt structures can oftentimes increase the interest cost for a capital project, reduce future available debt capacity, and decrease the financial flexibility of the County Commission to use its revenue streams for other purposes. Such payment structures can sometimes be an indicator of financial stress. To comply with T.C.A. § 9-21-134 all new debt should be issued with a level debt or faster principal payment structure.

If the County Commission considers issuance of debt structured as Balloon Debt (as described by T.C.A. § 9-21-134) for future new projects, it will determine if it is in the public's best interest to utilize Balloon Debt. The County will ensure that any projected revenues used to secure debt will:

- be sufficient to pay for the debt being considered,
- be sufficient to pay all of its other existing outstanding debt service secured by the same projected revenues, and
- not hinder the County's ability to fund future capital needs or to fund future debt service in a level payment structure.

The County Commission shall also consider:

- the possible reduction of the County's future debt capacity within the current projected revenue stream; and
- the flexibility to use future revenues for other purposes.

The County Commission will evaluate the specific justification for issuing debt structured as Balloon Debt. At the time the County Commission considers whether a proposed debt issue with a Balloon Debt structure is in the public's best interest, it will disclose to the public an analysis ("Plan of Balloon Indebtedness") which will include the following:

- the proposed debt structure, including the principal and interest payments, and terms and life of the debt issue;
- a schedule or graph showing the County's total debt service for the fund in which the proposed debt is being issued, both pre and post issuance, showing the revenue required to service the debt for each fiscal year debt remains outstanding.
- a schedule or graph showing the percentage of debt retired every five years on both the proposed debt and overall debt;
- a schedule(s) or graph(s) showing whether the proposed structure, when compared to a level debt structure:
 - increases the interest cost for a capital project,
 - reduces future available debt capacity, or
 - decreases the financial flexibility of the County Commission to use its revenue streams for other purposes compared to a level debt structure.

Outstanding Balloon Debt

The County Commission will manage currently outstanding Balloon Debt in a manner that mitigates its effects on the County's future revenues, if possible, by:

- restructuring;
- early repayment;

- in extreme conditions and fiscal distress, delaying of capital projects until capacity is available to issue debt structured with level or declining payment; or
- such action available within its financial capacity to manage debt.

Whenever possible, the County Commission seeks either to restructure such Balloon Debt into a more level debt payment structure or to repay at a faster rate than the original structure. This may be achieved by refunding debt on a maturity to maturity basis or more level structure when interest rate savings can be achieved or by prepaying debt early with cash.

If for savings, the County Commission considers issuing refunding debt structured as Balloon Debt (as described by T.C.A. § 9-21-134) to refund outstanding debt with a Balloon Debt structure, it will determine if it is in the public's best interest. In making its determination, the County Commission will consider whether the benefits of a Balloon Debt structure outweigh:

- the possible reduction of the County's future debt capacity within the current projected revenue stream; and
- the flexibility to use future revenues for other purposes.

The County Commission will be provided with an analysis that will allow it to determine that any projected revenues used to secure debt will:

- be sufficient to pay for the debt being considered,
- be sufficient to pay all of its other existing outstanding debt service secured by the same projected revenues, and
- not hinder the County's ability to fund future capital needs or to fund future debt service in a level payment structure.

For maturity to maturity refundings, the County Commission will evaluate the specific justification for issuing debt structured as Balloon Debt. At the time the County Commission considers whether a proposed debt issue with a Balloon Debt structure is in the public's best interest, it will disclose to the public an analysis ("Plan of Balloon Indebtedness") which will include the following:

- the proposed debt structure, including the principal and interest payments, and terms and life of the debt issue, exhibiting that the proposed refunding debt's structure is more level or declining than the refunded debt's structure;
- a schedule or graph showing the County's total debt service for the fund in which the proposed debt is being issued, both pre and post issuance, showing the revenue required to service the debt for each fiscal year debt remains outstanding.

- a schedule or graph showing the percentage of debt retired every five years on both the proposed debt and overall debt;

Additionally, in addition to the above, if the County intends to extend the proposed debt for a term longer than the original debt as Balloon Debt and/or in a structure other than maturity to maturity the analysis will include:

- a schedule(s) or graph(s) showing whether the proposed structure, when compared to a level debt structure:
 - increases the interest cost for a capital project,
 - reduces future available debt capacity, or
 decreases the financial flexibility of the County Commission to use its revenue streams for other purposes compared to a level debt structure.

V. DEBT PLAN REVIEW

1) General Guidance

The guidelines outlined herein are only intended to provide general direction regarding the future issuance of Debt. The County Commission maintains the right to modify this Debt Plan and may make exceptions to any of its guidelines at any time to the extent that the execution of such Debt achieves the goals of the County as long as such exceptions or changes are consistent with TCA and any rules and regulations promulgated by the State.

This Debt Plan should be reviewed regularly with the DMP by the County Commission and from time to time as circumstances, such as during the planning of new debt issuances, rules and regulations warrant.

2) Designated Official

The County Mayor and Finance Director are responsible for ensuring substantial compliance with this Debt Plan.

\$1,400,000

Anderson County, Tennessee

General Obligation Capital Outlay Notes, Series 2017A

Regions Bank - TIC 2.35%

Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/01/2021	-	-	-	-	-
12/01/2021	-	-	8,025.25	8,025.25	-
06/01/2022	111,000.00	2.350%	8,025.25	119,025.25	-
06/30/2022	-	-	-	-	127,050.50
12/01/2022	-	-	6,721.00	6,721.00	-
06/01/2023	115,000.00	2.350%	6,721.00	121,721.00	-
06/30/2023	-	-	-	-	128,442.00
12/01/2023	-	-	5,369.75	5,369.75	-
06/01/2024	118,000.00	2.350%	5,369.75	123,369.75	-
06/30/2024	-	-	-	-	128,739.50
12/01/2024	-	-	3,983.25	3,983.25	-
06/01/2025	121,000.00	2.350%	3,983.25	124,983.25	-
06/30/2025	-	-	-	-	128,966.50
12/01/2025	-	-	2,561.50	2,561.50	-
06/01/2026	124,000.00	2.350%	2,561.50	126,561.50	-
06/30/2026	-	-	-	-	129,123.00
12/01/2026	-	-	1,104.50	1,104.50	-
06/01/2027	94,000.00	2.350%	1,104.50	95,104.50	-
06/30/2027	-	-	-	-	96,209.00
Total	\$683,000.00	-	\$55,530.50	\$738,530.50	-

Date And Term Structure

Dated.....	6/01/2021
First Coupon Date.....	12/01/2021
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	6/01/2022

Yield Statistics

Average Coupon.....	2.3500000%
Weighted Average Maturity.....	3.460 Years
Bond Year Dollars.....	\$2,363.00
Bond Yield for Arbitrage Purposes.....	2.3500000%
True Interest Cost (TIC).....	2.3500000%



\$3,000,000

Anderson County, Tennessee

TMBF Loan, Series 2006 (Jail)

Budgeted at 5.00% - Dated May 22, 2006

Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
05/25/2021	-	-	-	-	-
05/25/2022	187,000.00	3.000%	23,520.00	210,520.00	-
06/30/2022	-	-	-	-	210,520.00
05/25/2023	193,000.00	3.000%	17,910.00	210,910.00	-
06/30/2023	-	-	-	-	210,910.00
05/25/2024	199,000.00	3.000%	12,120.00	211,120.00	-
06/30/2024	-	-	-	-	211,120.00
05/25/2025	205,000.00	3.000%	6,150.00	211,150.00	-
06/30/2025	-	-	-	-	211,150.00
Total	\$784,000.00	-	\$59,700.00	\$843,700.00	-

Date And Term Structure

Dated.....	5/25/2021
First Coupon Date.....	5/25/2022
Frequency of Interest Payments.....	1 Per Year
First Serial Maturity Date.....	5/25/2022

Yield Statistics

Average Coupon.....	3.0000000%
Weighted Average Maturity.....	2.538 Years
Bond Year Dollars.....	\$1,990.00
Bond Yield for Arbitrage Purposes.....	2.9778313%
True Interest Cost (TIC).....	2.9778313%