



Annual Debt Report

For the Fiscal Year Ending June 30, 2022

Anthony W. Cox
City Administrator

City of Morristown, Tennessee
Annual Debt Report for the Fiscal Year Ending June 30, 2022
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The City of Morristown

Memorandum

From the Office of Administration



To: Morristown City Council and All Interested Parties
From: Tony Cox, City Administrator
Date: May 23, 2022
Re: Annual Debt Report

In compliance with Section II.B.3 of the City of Morristown's Debt Policy I am pleased to present to you our Annual Debt Report for the fiscal year ending June 30, 2022. This report is advantageous as it provides valuable information that will allow the City of Morristown to evaluate its current financial position, future funding requirements, and its ability to issue debt in the future based on capacity. It is the City of Morristown's goal to demonstrate strong financial management practices to the citizens of the City of Morristown, investors, and credit agencies. This transparency strengthens accountability. We must and will ensure that taxpayers' dollars are properly expended.

The City of Morristown received a rating of AA- from S&P Global Ratings Service during its most recent ratings. These ratings are a positive reflection of the City of Morristown's solid financial position, conservative budgetary practices, and well managed debt profile. These ratings allow the City of Morristown to obtain financing at lower interest rates, which in return means a lower tax burden on its citizens.

This document will help provide supplemental information related to the 2022-2023 budget. It is imperative that the City of Morristown continues to exercise strong financial management practices.

The following table shows the comparable investment grade ratings for two of the major rating agencies.

	Moody's	S&P Global
Best Quality	Aaa	AAA
High Quality	Aa1 Aa2 Aa3	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-

City of Morristown, Tennessee
Annual Debt Report
Schedule of Changes in Long-Term Notes, Other Loans, Capital Leases and Bonds
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07-01-2021	Issued During the Period	Paid and/or Matured During Period	Refunded During the Period	Outstanding 06-30-2022
<u>PRIMARY GOVERNMENT</u>									
<u>GENERAL FUND</u>									
Capital Outlay Note, Series 2011	\$ 4,000,000	2.06%	11-08-2011	10-01-2023	\$ 928,125	\$ -	\$ 309,375	\$ -	618,750
Tennessee Local Government Loan Program Series 2009	5,000,000	Variable ¹	12-21-2009	12-01-2034	1,843,971	-	108,224	-	1,735,747
Bonds Payable - Series 2017 GOB	9,710,000	3% to 3.75%	03-30-2017	06-01-2042	8,490,000	-	295,000	-	8,195,000
Bonds Payable - Series 2018 GOB	64,325,000	3% to 5%	10-24-2018	06-01-2042	16,085,000	-	1,170,000	-	14,915,000
Bonds Payable- Series 2019B GOB	37,250,000	2.5% to 5%	12-02-2019	06-01-2049	36,380,000	-	910,000	-	35,470,000
Total Payable Through General Fund					\$ 63,727,096	\$ -	\$ 2,792,599	\$ -	60,934,497
<u>SOLID WASTE FUND</u>									
Capital Outlay Note, Series 2011	\$ 4,000,000	2.06%	11-08-2011	10-01-2023	\$ 61,875	\$ -	\$ 20,625	\$ -	41,250
Tennessee Local Government Loan Program Series 2009	5,000,000	Variable ¹	12-21-2009	12-01-2034	105,423	-	6,194	-	99,229
Total Payable Through Solid Waste Fund					\$ 167,298	\$ -	\$ 26,819	\$ -	140,479
<u>STORM WATER FUND</u>									
Tennessee Local Government Loan Program Series 2009	\$ 5,000,000	Variable ¹	12-21-2009	12-01-2034	\$ 52,701	\$ -	\$ 3,097	\$ -	49,604
Bonds Payable - Series 2012 GOB	31,000,000	2% to 4%	05-30-2012	10-01-2036	3,329,232	-	208,883	3,120,349	-
Bonds Payable - Series 2021A GOB	28,320,000	2%	09-10-2021	03-01-2037	-	2,990,000	65,000	-	2,925,000
Total Payable Through Storm Water Fund					\$ 3,381,933	-	276,980	-	2,974,604
Total Payable Through City of Morristown					\$ 67,276,327	\$ 2,990,000	\$ 3,096,398	\$ 3,120,349	64,049,580
Total Payable Through Morristown Utilities					\$ 99,418,895	\$ 32,115,000	\$ 8,404,845	\$ 26,424,084	96,704,966
TOTAL DEBT - CITY OF MORRISTOWN GOVERNMENT WIDE					\$ 166,695,222	\$ 35,105,000	\$ 11,501,243	\$ 29,544,433	160,754,546

(1) - This is variable rate debt with a current rate of 2.85% that is fixed through December 21, 2024.

Morristown Utilities
Annual Debt Report
Schedule of Changes in Long-Term Notes, Other Loans, Capital Leases and Bonds
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07-01-2021	Issued During the Period	Paid and/or Matured During Period	Refunded During the Period	Outstanding 06-30-2022
MORRISTOWN UTILITIES COMMISSION									
WASTEWATER SYSTEM									
Notes Payable - 2007 CWSRF Promissory Note	12,500,000	2.06%	05-15-2007	01-20-2032	5,766,493	-	82,088	5,684,405	-
Notes Payable - 2009 CWSRF Promissory Note	5,000,000	2.73%	05-02-2011	10-20-2032	823,750	-	10,414	813,336	-
Notes Payable - 2013 CWSRF Promissory Note	5,000,000	1.51%	03-27-2013	06-20-2036	3,829,913	-	233,580		3,596,333
Notes Payable - 2009 Promissory Note	5,000,000	Variable ¹	12-21-2009	12-01-2034	1,234,906	-	72,485		1,162,421
Notes Payable - 2015 Promissory Note	10,000,000	Variable ²	08-31-2015	08-01-2035	8,304,000	-	437,000		7,867,000
Notes Payable - 2016 Promissory Note	15,060,000	2.27%	12-23-2016	12-01-2025	2,603,000	-	657,000		1,946,000
Bonds Payable - Series 2012 GOB	31,000	2% to 4%	05-30-2012	10-01-2036	17,310,768		1,086,116	16,224,652	-
Bonds Payable - Series 2018 GOB	64,325,000	3% to 4%	10-24-2018	06-01-2037	10,060,000	-	-		10,060,000
Bonds Payable - Series 2018 - Refunding	64,325,000	3% to 5%	10-24-2018	06-01-2028	7,845,000		965,000		6,880,000
Bonds Payable - Series 2019 GOB	12,775,000	3% to 5%	06-28-2019	09-01-2034	11,900,000	-	890,000		11,010,000
Bonds Payable - Series 2021A - Refunding	28,320,000	2.00%	09-10-2021	03-01-2037	-	21,740,000	850,000		20,890,000
Bonds Payable - Series 2021B	6,785,000	2.00%	09-10-2021	03-01-2041	-	3,395,000	-		3,395,000
Total Payable Through Wastewater System					\$ 69,677,830	\$ 25,135,000	\$ 5,283,683	\$ 22,722,393	66,806,754
POWER SYSTEM									
Bonds Payable - Series 2018 GOB	\$ 64,325,000	3% to 5%	10-24-2018	06-01-2038	\$ 3,960,000	\$ -	\$ 165,000		3,795,000
Bonds Payable - Series 2018 GOB - Refunding	64,325,000	3% to 5%	10-24-2018	06-01-2035	13,660,000	-	1,010,000		12,650,000
Total Payable Through Power System					\$ 17,620,000	\$ -	\$ 1,175,000	\$	16,445,000
WATER SYSTEM									
Notes Payable - 2002 DWSRF Promissory Note	10,492,582	2.61%	08-09-2001	04-30-2026	3,266,057	-	100,794	3,165,263	-
Notes Payable - 2009 Promissory Note	7,500,000	Variable ³	12-21-2009	12-01-2029	4,010,000	-	390,000		3,620,000
Notes Payable - 2011 DWSRF Promissory Note	2,000,000	2.83%	09-03-2009	06-30-2032	546,160	-	9,732	536,428	-
Bonds Payable - Series 2021A - Refunding	28,320,000	2.00%	09-10-2021	03-01-2037	-	3,590,000	685,000		2,905,000
Bonds Payable - Series 2021B	6,785,000	2.00%	09-10-2021	03-01-2041	-	3,390,000	-		3,390,000
Total Payable Through Water System					\$ 7,822,217	\$ 6,980,000	\$ 1,185,526	\$ 3,701,691	9,915,000
BROADBAND SYSTEM									
Capital Lease	\$ 293,664	5.321%	05-01-2019	05-01-2025	\$ 192,848	\$ -	\$ 47,636		145,212
Notes Payable - 2014 Promissory Note	1,000,000	2.59%	06-26-2014	06-01-2024	360,000	-	117,000		243,000
Notes Payable - 2016 Promissory Note	2,000,000	2.00%	12-23-2016	12-01-2021	416,000	-	416,000		-
Bonds Payable - Series 2018 GOB - Refunding	64,325,000	3% to 5%	10-24-2018	06-01-2035	3,330,000	-	180,000		3,150,000
Total Payable Through Broadband System					\$ 4,298,848	\$ -	\$ 760,636	\$	3,538,212
Total Payable Through Morristown Utilities					\$ 99,418,895	32,115,000	8,404,845	26,424,084	96,704,966

- (1) - This is variable rate debt with a current rate of 2.85% that is fixed through December 21, 2024.
(2) - This is variable rate debt with a current rate of 2.74%.
(3) - This is variable rate debt with a current rate of 2.52%.
(4) - Interfund loan payable from Telecom to Electric is not included on this schedule - Outstanding balance at 6/30/2022 \$1,005,000.

City of Morristown, Tennessee
Annual Debt Report
Percentage of Debt - City of Morristown and Morristown Utilities
For the Year Ended June 30, 2022

Description of Indebtedness	Percentage of Outstanding Balance Related to the City of Morristown	Percentage of Outstanding Balance Related to Morristown Utilities	Amount of Outstanding Balance Related to the City of Morristown	Amount of Outstanding Balance Related to Morristown Utilities	Total
CAPITAL LEASES					
<u>Payable through Broadband System</u>					
Capital Lease	0.00%	100.00%	\$ -	\$ 145,212	\$ 145,212
Total Capital Leases	0.00%	100.00%	\$ -	\$ 145,212	\$ 145,212
CAPITAL OUTLAY NOTES:					
<u>Payable through City of Morristown General Fund</u>					
Capital Outlay Note, Series 2011	93.75%	0.00%	\$ 618,750	\$ -	\$ 618,750
<u>Payable through City of Morristown Solid Waste Fund</u>					
Capital Outlay Note, Series 2011	6.25%	0.00%	\$ 41,250	\$ -	\$ 41,250
Total Capital Outlay Notes	100.00%	0.00%	\$ 660,000	\$ -	\$ 660,000
OTHER LOANS:					
<u>Payable through City of Morristown General Fund</u>					
Tennessee Local Government Loan Program, Series 2009	56.96%	0.00%	\$ 1,735,747	\$ -	\$ 1,735,747
<u>Payable through City of Morristown Solid Waste Fund</u>					
Tennessee Local Government Loan Program, Series 2009	3.26%	0.00%	\$ 99,229	\$ -	\$ 99,229
<u>Payable through City of Morristown Storm Water Fund</u>					
Tennessee Local Government Loan Program, Series 2009	1.63%	0.00%	\$ 49,604	\$ -	\$ 49,604

City of Morristown, Tennessee
Annual Debt Report
Percentage of Debt - City of Morristown and Morristown Utilities
For the Year Ended June 30, 2022

Description of Indebtedness	Percentage of Outstanding Balance Related to the City of Morristown	Percentage of Outstanding Balance Related to Morristown Utilities	Amount of Outstanding Balance Related to the City of Morristown	Amount of Outstanding Balance Related to Morristown Utilities	Total
<u>Payable through Wastewater System</u>					
Tennessee Local Government Loan Program, Series 2009	0.00%	38.15%	-	1,162,421	1,162,421
2013 CWSRF Promissory Note	0.00%	100.00%	-	3,596,333	3,596,333
2015 Promissory Note	0.00%	100.00%	-	7,867,000	7,867,000
2016 Promissory Note	0.00%	100.00%	-	1,946,000	1,946,000
Total Payable Through Wastewater System			\$ -	\$ 14,571,754	\$ 14,571,754
<u>Payable through Water System</u>					
2009 Promissory Note	0.00%	100.00%	-	3,620,000	3,620,000
Total Payable Through Wastewater System			\$ -	\$ 3,620,000	\$ 3,620,000
<u>Payable through Telecom System</u>					
2014 Promissory Note	0.00%	100.00%	\$ -	\$ 243,000	\$ 243,000
Total Payable Through Broadband System			\$ -	\$ 243,000	\$ 243,000
Total Other Loans Payable	9.27%	90.73%	\$ 1,884,580	\$ 18,434,754	\$ 20,319,334
<u>BONDS PAYABLE</u>					
<u>Payable through City of Morristown General Fund</u>					
General Obligation Bonds, Series 2017	100.00%	0.00%	8,195,000	-	8,195,000
General Obligation Bonds, Series 2018	28.99%	0.00%	14,915,000	-	14,915,000
General Obligation Bonds, Series 2019B	100.00%	0.00%	35,470,000	-	35,470,000
Total Payable Through City of Morristown General Fund			\$ 58,580,000	\$ -	\$ 58,580,000

City of Morristown, Tennessee
Annual Debt Report
Percentage of Debt - City of Morristown and Morristown Utilities
For the Year Ended June 30, 2022

Description of Indebtedness	Percentage of Outstanding Balance Related to the City of Morristown	Percentage of Outstanding Balance Related to Morristown Utilities	Amount of Outstanding Balance Related to the City of Morristown	Amount of Outstanding Balance Related to Morristown Utilities	Total
<u>Payable through City of Morristown Storm Water Fund</u>					
General Obligation Bonds, Series 201A - Refunding	10.95%	0.00%	2,925,000	-	2,925,000
			<u>\$ 2,925,000</u>	<u>\$ -</u>	<u>\$ 2,925,000</u>
<u>Payable through Wastewater System</u>					
General Obligation Bonds, Series 2018	0.00%	19.55%	-	10,060,000	10,060,000
General Obligation Bonds, Series 2018 - Refunding	0.00%	13.37%	-	6,880,000	6,880,000
General Obligation Bonds, Series 2019	0.00%	100.00%	-	11,010,000	11,010,000
General Obligation Bonds, Series 2021A - Refunding	0.00%	78.18%	-	20,890,000	20,890,000
General Obligation Bonds, Series 2021B	0.00%	50.04%		3,395,000	3,395,000
Total Payable Through Morristown Utilities Wastewater System			<u>\$ -</u>	<u>\$ 52,235,000</u>	<u>\$ 52,235,000</u>
<u>Payable through Power System</u>					
General Obligation Bonds, Series 2018	0.00%	7.38%	-	3,795,000	3,795,000
General Obligation Bonds, Series 2018 - Refunding	0.00%	24.59%	-	12,650,000	12,650,000
Total Payable Through Morristown Utilities Power System			<u>\$ -</u>	<u>\$ 16,445,000</u>	<u>\$ 16,445,000</u>
<u>Payable through Water System</u>					
General Obligation Bonds, Series 2021A - Refunding	0.00%	10.87%	-	2,905,000	2,905,000
General Obligation Bonds, Series 2021B	0.00%	49.96%	-	3,390,000	3,390,000
Total Payable Through Morristown Utilities Water System			<u>\$ -</u>	<u>\$ 6,295,000</u>	<u>\$ 6,295,000</u>
<u>Payable through Telecom System</u>					
General Obligation Bonds, Series 2018	0.00%	6.12%	\$ -	\$ 3,150,000	\$ 3,150,000
Total Bonds Payable	44.05%	55.95%	<u>\$ 61,505,000</u>	<u>\$ 78,125,000</u>	<u>\$ 139,630,000</u>
TOTAL DEBT	39.84%	60.16%	<u>\$ 64,049,580</u>	<u>\$ 96,704,966</u>	<u>\$ 160,754,546</u>

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Government Wide
Fiscal Year 2023

	Principal	Interest	Total
General Fund:			
Capital Outlay Note, Series 2011	\$ 309,375	\$ 9,560	\$ 318,935
Tennessee Local Government Loan Program Series 2009	111,642	46,873	158,515
General Obligation Bonds, Series 2017	305,000	268,463	573,463
General Obligation Bonds, Series 2018	1,235,000	627,350	1,862,350
General Obligation Bonds, Series 2019B	955,000	1,217,738	2,172,738
Total General Fund	\$ 2,916,017	\$ 2,169,984	\$ 5,086,001

Solid Waste Fund:			
Capital Outlay Note, Series 2011	\$ 20,625	\$ 637	\$ 21,262
Tennessee Local Government Loan Program Series 2009	6,390	2,740	9,130
Total Solid Waste Fund	\$ 27,015	\$ 3,377	\$ 30,392

Stormwater Fund:			
Tennessee Local Government Loan Program Series 2009	\$ 3,195	\$ 1,370	\$ 4,565
General Obligation Bonds, Series 2021A	240,000	58,500	298,500
Total Stormwater Fund	\$ 243,195	\$ 59,870	\$ 303,065

Wastewater System:			
2013 CWSRF Promissory Note	237,132	52,663	289,795

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Government Wide
Fiscal Year 2023

	Principal	Interest	Total
2015 Promissory Note	449,000	206,692	655,692
2016 Promissory Note	672,000	36,591	708,591
Tennessee Local Government Loan Program Series 2009	74,774	32,739	107,513
General Obligation Bonds Series 2018	-	339,069	339,069
General Obligation Bonds Series 2018 - Refunding	1,015,000	318,850	1,333,850
General Obligation Bonds Series 2019	900,000	418,100	1,318,100
General Obligation Bonds Series 2021A	1,425,000	417,800	1,842,800
General Obligation Bonds Series 2021B	-	67,900	67,900
Total Wastewater System	\$ 4,772,906	\$ 1,890,404	\$ 6,663,310

Power System:

General Obligation Bonds Series 2018	\$ 170,000	\$ 144,625	\$ 314,625
General Obligation Bonds Series 2018 - Refunding	1,055,000	509,113	1,564,113
Total Power System	\$ 1,225,000	\$ 653,738	\$ 1,878,738

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Government Wide
Fiscal Year 2023

	Principal	Interest	Total
Water System:			
2009 Promissory Note	400,000	86,184	486,184
General Obligation Bonds Series 2021A	665,000	58,100	723,100
General Obligation Bonds Series 2021B	110,000	67,800	177,800
Total Water System	\$ 1,175,000	\$ 212,084	\$ 1,387,084
Broadband System:			
2014 Promissory Note	\$ 120,000	\$ 4,740	\$ 124,740
General Obligation Bonds Series 2018	185,000	119,700	304,700
Capital Lease	50,309	6,955	57,264
Total Broadband System	\$ 355,309	\$ 131,395	\$ 486,704
Total Government Wide	\$ 10,714,442	\$ 5,120,852	\$ 15,835,294

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
City of Morristown
Fiscal Year 2023

	Principal	Interest	Total
General Fund:			
Capital Outlay Note, Series 2011	\$ 309,375	\$ 9,560	\$ 318,935
Tennessee Local Government Loan Program Series 2009	111,642	46,873	158,515
General Obligation Bonds, Series 2017	305,000	268,463	573,463
General Obligation Bonds, Series 2018	1,235,000	627,350	1,862,350
General Obligation Bonds, Series 2019B	955,000	1,217,738	2,172,738
Total General Fund	\$ 2,916,017	\$ 2,169,984	\$ 5,086,001
Solid Waste Fund:			
Capital Outlay Note, Series 2011	\$ 20,625	\$ 637	\$ 21,262
Tennessee Local Government Loan Program Series 2009	6,390	2,740	9,130
Total Solid Waste Fund	\$ 27,015	\$ 3,377	\$ 30,392
Stormwater Fund:			
Tennessee Local Government Loan Program Series 2009	\$ 3,195	\$ 1,370	\$ 4,565
General Obligation Bonds, Series 2021A	240,000	58,500	298,500
Total Stormwater Fund	\$ 243,195	\$ 59,870	\$ 303,065
Total City of Morristown	\$ 3,186,227	\$ 2,233,231	\$ 5,419,458

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Morristown Utilities
Fiscal Year 2023

	Principal	Interest	Total
Wastewater System:			
Tennessee Local Government Loan Program Series 2009	74,774	32,739	107,513
2013 CWSRF Promissory Note	237,132	52,663	289,795
2015 Promissory Note	449,000	206,692	655,692
2016 Promissory Note	672,000	36,591	708,591
General Obligation Bonds Series 2018	-	339,069	339,069
General Obligation Bonds Series 2018 - Refunding	1,015,000	318,850	1,333,850
General Obligation Bonds Series 2019	900,000	418,100	1,318,100
General Obligation Bonds Series 2021A	1,425,000	417,800	1,842,800
General Obligation Bonds Series 2021B	-	67,900	67,900
Total Wastewater System	\$ 4,772,906	\$ 1,890,404	\$ 6,663,310
Power System:			
General Obligation Bonds Series 2018	\$ 170,000	\$ 144,625	\$ 314,625
General Obligation Bonds Series 2018 - Refunding	1,055,000	509,113	1,564,113
Total Power System	\$ 1,225,000	\$ 653,738	\$ 1,878,738

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Morristown Utilities
Fiscal Year 2023

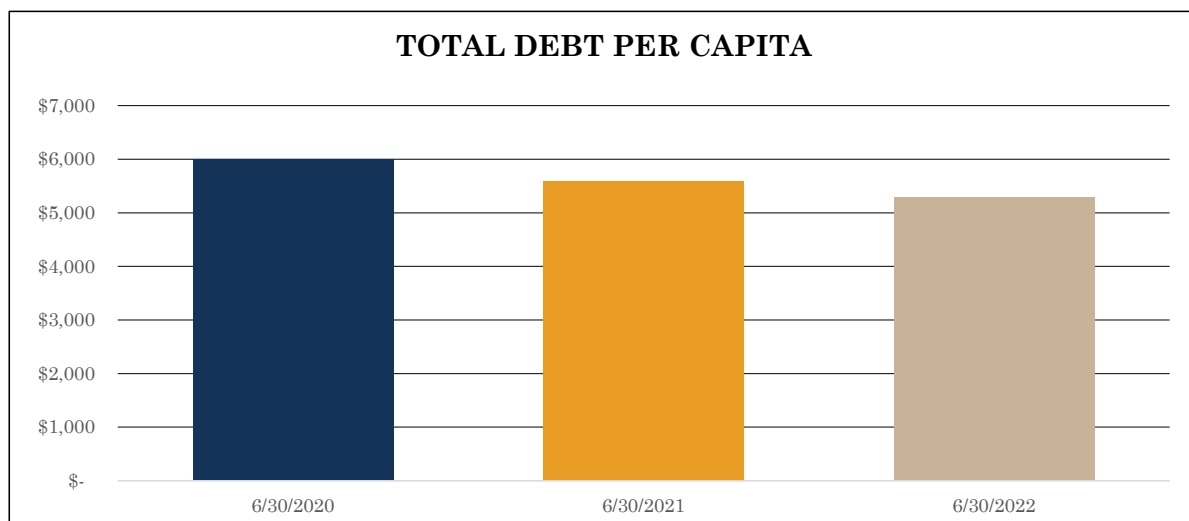
	Principal	Interest	Total
Water System:			
2009 Promissory Note	400,000	86,184	486,184
General Obligation Bonds Series 2021A	665,000	58,100	723,100
General Obligation Bonds Series 2021B	110,000	67,800	177,800
Total Water System	\$ 1,175,000	\$ 212,084	\$ 1,387,084
Broadband System:			
2014 Promissory Note	\$ 120,000	\$ 4,740	\$ 124,740
General Obligation Bonds Series 2018	185,000	119,700	304,700
Capital Lease	50,309	6,955	57,264
Total Broadband System	\$ 355,309	\$ 131,395	\$ 486,704
Total Morristown Utilities	\$ 7,528,215	\$ 2,887,621	\$ 10,415,836

City of Morristown, Tennessee
Annual Debt Report
Debt Per Capita
Government Wide

Calculation Method:

$$\text{Debt Per Capita} = \frac{\text{Total Debt of the City}^1}{\text{City's Population}^2}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 177,276,048	\$ 166,695,222	\$ 160,754,546
Population	29,547	29,782	30,431
Debt Per Capita	\$ 6,000	\$ 5,597	\$ 5,283



Debt Per Capita - This ratio is used in evaluating the City's ability to pay off its debt by taking the total principal on outstanding debt divided by the total citizens in the City.

¹ Principal amount only (any interest expense that would be due is not included)

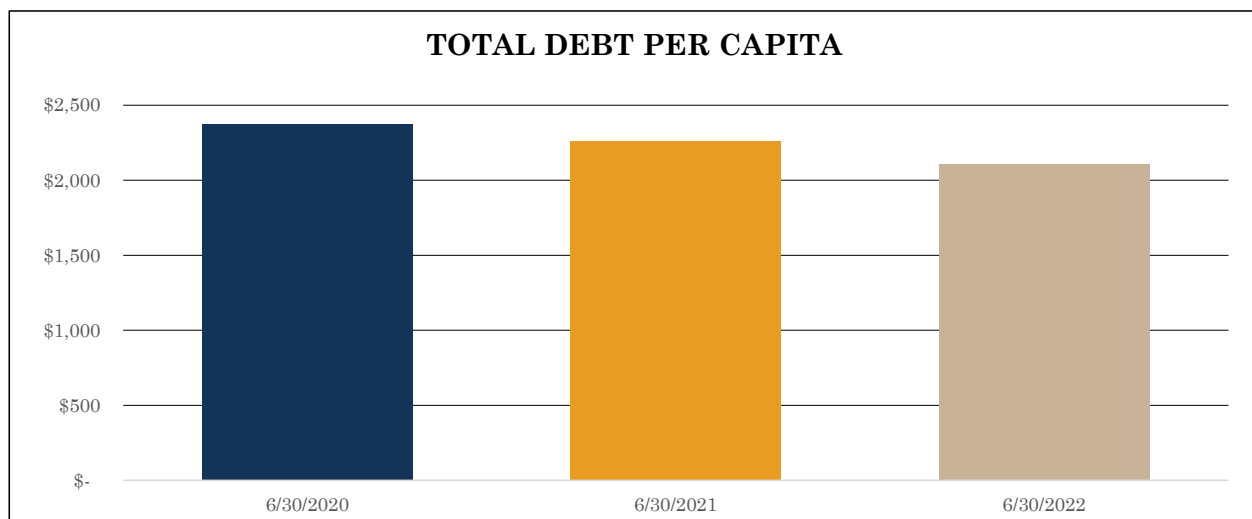
² US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

City of Morristown, Tennessee
Annual Debt Report
Debt Per Capita
City of Morristown

Calculation Method:

$$\text{Debt Per Capita} = \frac{\text{Total Debt of the City Only}^1}{\text{City's Population}^2}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 70,184,664	\$ 67,276,327	\$ 64,049,580
Population	29,547	29,782	30,431
Debt Per Capita	\$ 2,375	\$ 2,259	\$ 2,105



Debt Per Capita - This ratio is used in evaluating the City's ability to pay off its debt by taking the total principal on outstanding debt divided by the total citizens in the City.

¹ Principal amount only (any interest expense that would be due is not included)

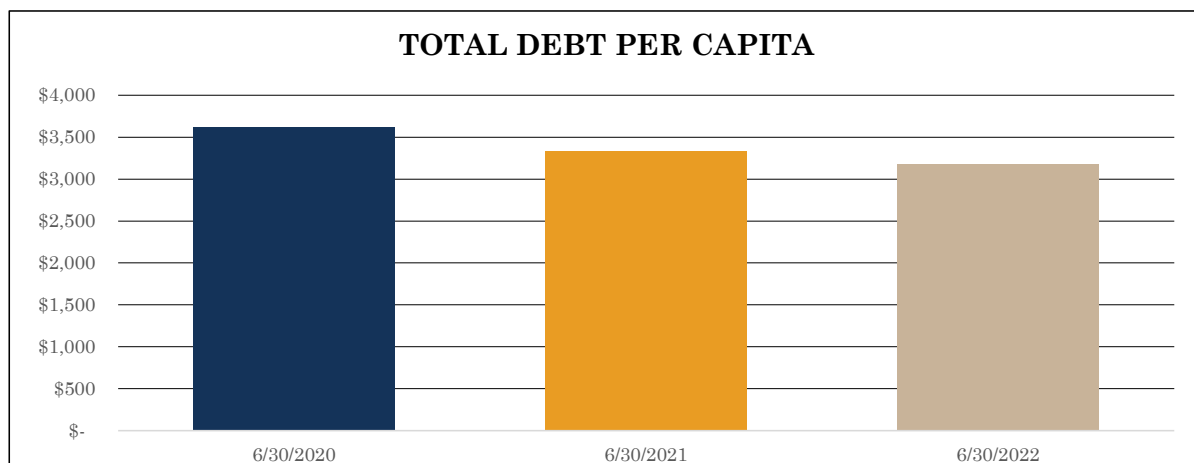
² US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

City of Morristown, Tennessee
Annual Debt Report
Debt Per Capita
Morristown Utilities

Calculation Method:

$$\text{Debt Per Capita} = \frac{\text{Total Debt of Morristown Utilities}^1}{\text{City's Population}^2}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 107,091,384	\$ 99,418,895	\$ 96,704,966
Population	29,547	29,782	30,431
Debt Per Capita	\$ 3,624	\$ 3,338	\$ 3,178



Debt Per Capita - This ratio is used in evaluating the City's ability to pay off its debt by taking the total principal on outstanding debt divided by the total citizens in the City.

¹ Principal amount only (any interest expense that would be due is not included)

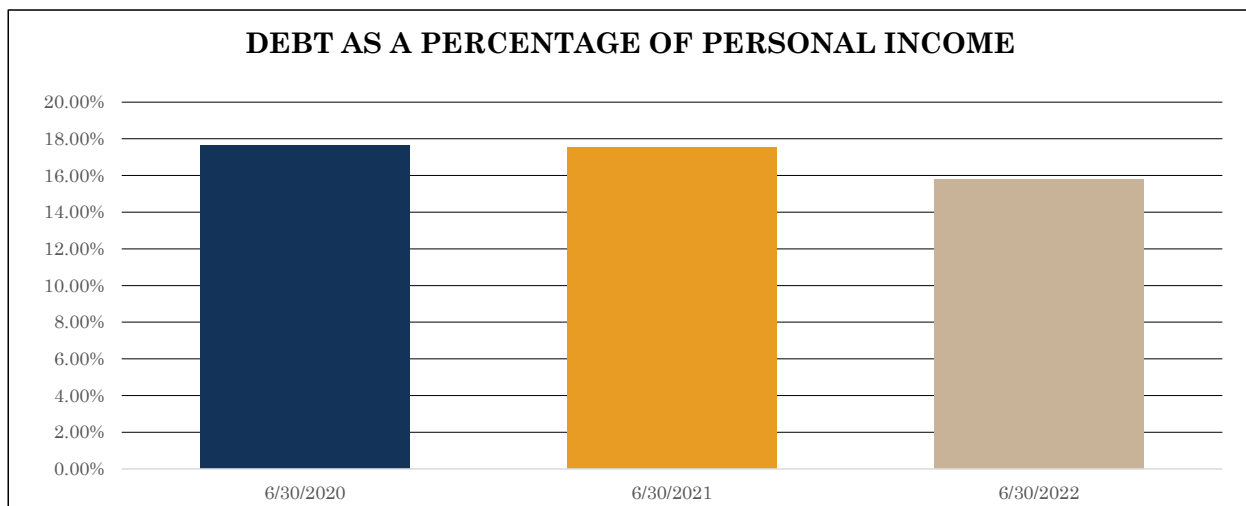
² US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

City of Morristown, Tennessee
Annual Debt Report
Debt as a Percentage of Personal Income
Government Wide

Calculation Method:

$$\text{Debt as Percentage of Personal Income} = \frac{\text{Total Debt of the City}^1 / \text{City's Population}^2}{\text{Total Personal Income}^3}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 177,276,048	\$ 166,695,222	\$ 160,754,546
Population	29,926	29,547	30,431
Personal Income	\$ 33,597	\$ 32,193	\$ 33,511
Debt Per Capita	17.63%	17.52%	15.76%



Debt as a Percentage of Personal Income - This ratio incorporates an ability to pay concept into the assessment of debt burden. It uses total personal income (including wages, dividends, interest, rent and government payment(s) divided by total population. The lower the percentage the more desirable the measurement. A low debt per capita percentage indicates either a low debt burden or strong personal income or some combination of the two.

¹ Principal amount only (any interest expense that would be due is not included)

² US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

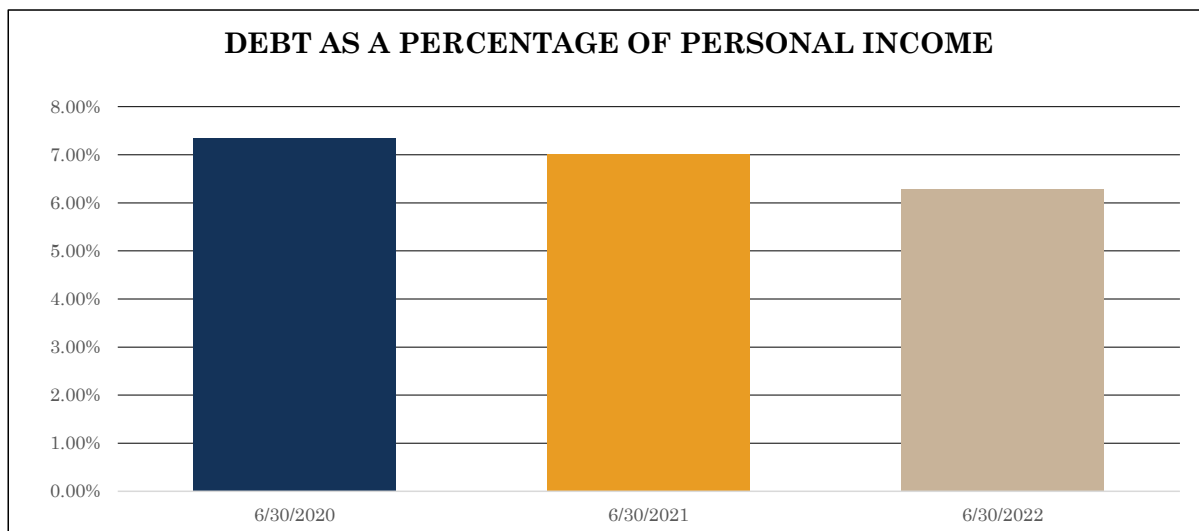
³ US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

City of Morristown, Tennessee
Annual Debt Report
Debt as a Percentage of Personal Income
City of Morristown

Calculation Method:

$$\text{Debt as Percentage of Personal Income} = \frac{\text{Total Debt of the City Only}^1 / \text{City's Population}^2}{\text{Total Personal Income}^3}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 70,184,664	\$ 67,276,327	\$ 64,049,580
Population	29,547	29,782	30,431
Personal Income	\$ 32,386	\$ 32,193	\$ 33,511
Debt Per Capita	7.33%	7.02%	6.28%



Debt as a Percentage of Personal Income - This ratio incorporates an ability to pay concept into the assessment of debt burden. It uses total personal income (including wages, dividends, interest, rent and government payment(s) divided by total population. The lower the percentage the more desirable the measurement. A low debt per capita percentage indicates either a low debt burden or strong personal income or some combination of the two.

¹ Principal amount only (any interest expense that would be due is not included)

² US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

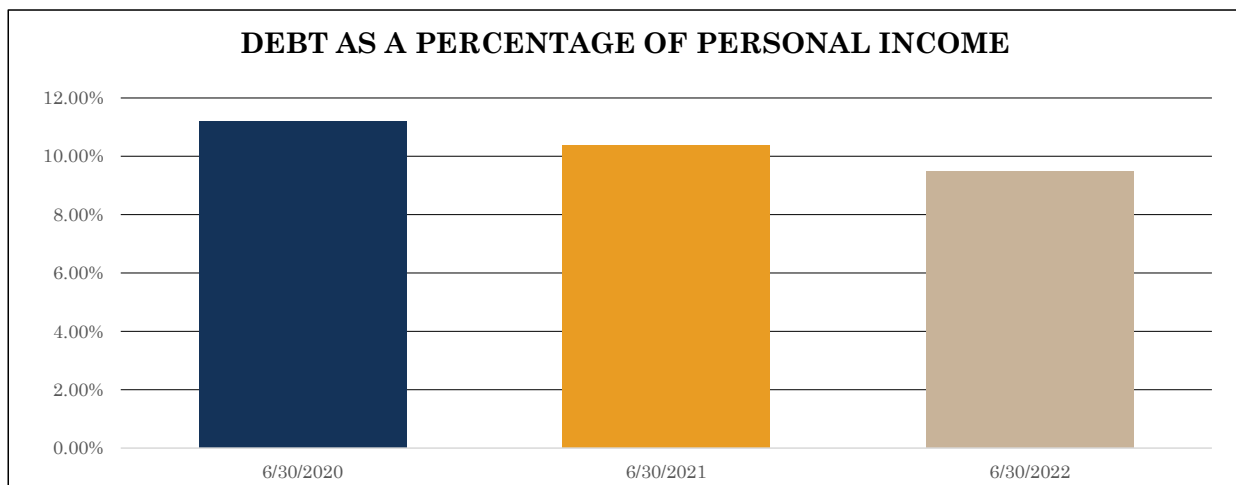
³ US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

City of Morristown, Tennessee
Annual Debt Report
Debt as a Percentage of Personal Income
Morristown Utilities

Calculation Method:

$$\text{Debt as Percentage of Personal Income} = \frac{\text{Total Debt of Morristown Utilities}^1 / \text{City's Population}^2}{\text{Total Personal Income}^3}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 107,091,384	\$ 99,418,895	\$ 96,704,966
Population	29,547	29,782	30,431
Personal Income	\$ 32,386	\$ 32,193	\$ 33,511
Debt Per Capita	11.19%	10.37%	9.48%



Debt as a Percentage of Personal Income - This ratio incorporates an ability to pay concept into the assessment of debt burden. It uses total personal income (including wages, dividends, interest, rent and government payment(s) divided by total population. The lower the percentage the more desirable the measurement. A low debt per capita percentage indicates either a low debt burden or strong personal income or some combination of the two.

¹ Principal amount only (any interest expense that would be due is not included)

² US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

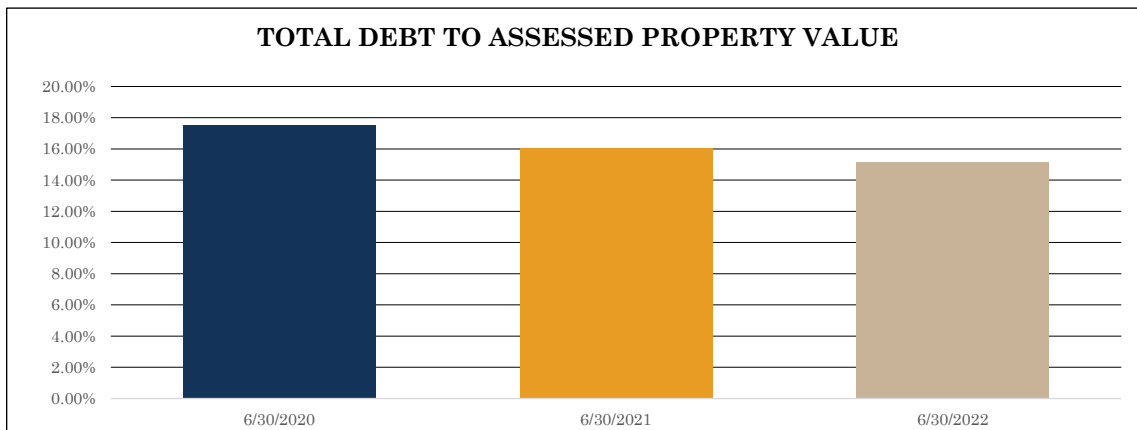
³ US Census Bureau <https://www.census.gov/quickfacts/fact/table/morristowncitytennessee,US/PST045221>

City of Morristown, Tennessee
Annual Debt Report
Debt to Assessed Property Value
Government Wide

Calculation Method:

$$\text{Debt to Assessed Property Value} = \frac{\text{Total Debt of the City}^1}{\text{Assessed Property Value}^2}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 177,276,048	\$ 166,695,222	\$ 160,754,546
Assessed Property Value	\$ 1,011,849,689	\$ 1,037,412,060	\$ 1,059,843,174
Debt to Assessed Property Value	17.52%	16.07%	15.17%



Debt to Assessed Property Value - This ratio examines the City's current indebtedness to assessed property value. It measures the wealth available to support present indebtedness so the City can include any anticipated debt to calculate a new ratio, thus helping determine whether the City has capacity to meet present and future obligations.

¹ Principal amount only (any interest expense that would be due is not included)

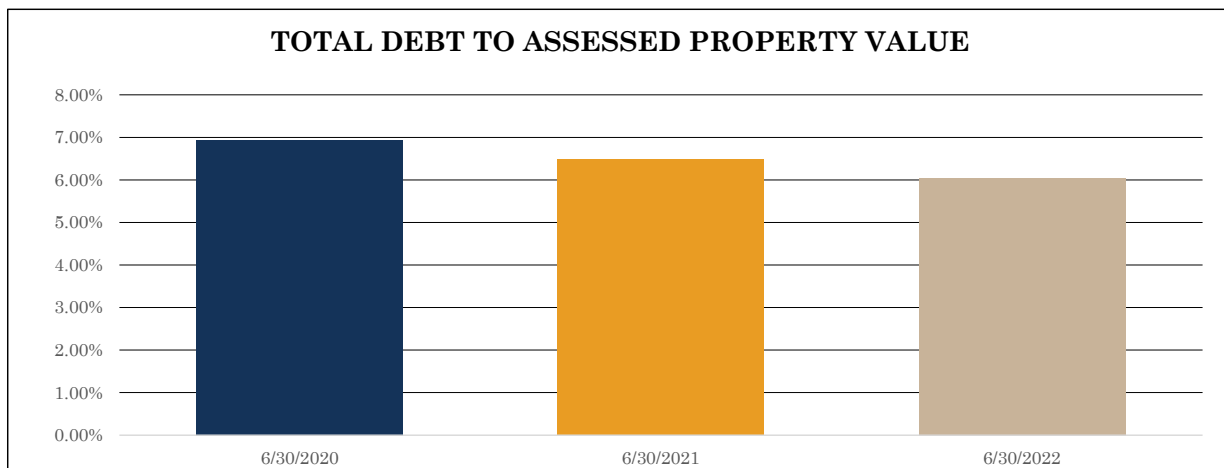
² This is based on final assessments as received from the State of Tennessee, and excludes any changes made during the year.

City of Morristown, Tennessee
Annual Debt Report
Debt to Assessed Property Value
City of Morristown

Calculation Method:

$$\text{Debt to Assessed Property Value} = \frac{\text{Total Debt of the City Only}^1}{\text{Assessed Property Value}^2}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 70,184,664	\$ 67,276,327	\$ 64,049,580
Assessed Property Value	\$ 1,011,849,689	\$ 1,037,412,060	\$ 1,059,843,174
Debt to Assessed Property Value	6.94%	6.49%	6.04%



Debt to Assessed Property Value - This ratio examines the City's current indebtedness to assessed property value. It measures the wealth available to support present indebtedness so the City can include any anticipated debt to calculate a new ratio, thus helping determine whether the City has capacity to meet present and future obligations.

¹ Principal amount only (any interest expense that would be due is not included)

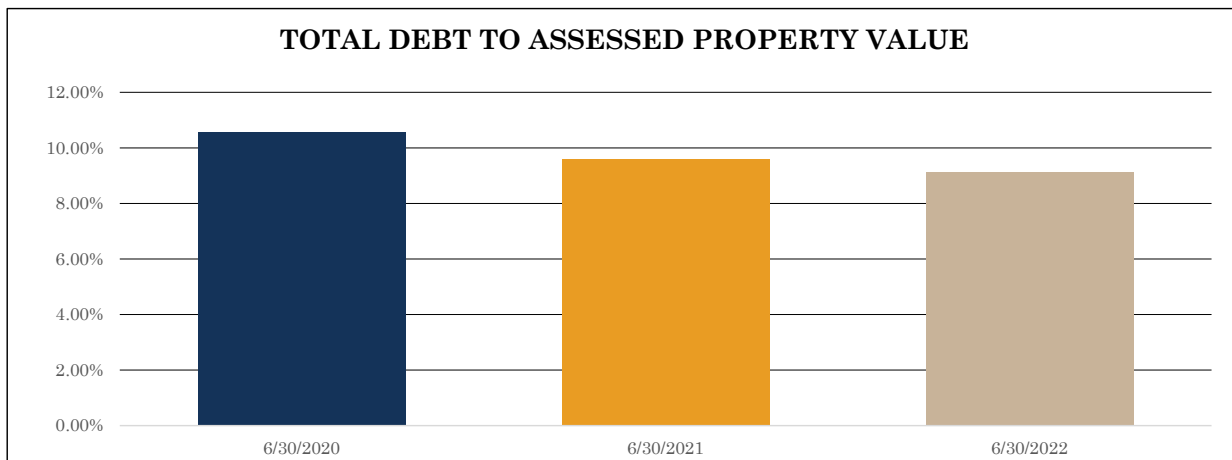
² This is based on final assessments as received from the State of Tennessee, and excludes any changes made during the year.

City of Morristown, Tennessee
Annual Debt Report
Debt to Assessed Property Value
Morristown Utilities

Calculation Method:

$$\text{Debt to Assessed Property Value} = \frac{\text{Total Debt of Morristown Utilities}^1}{\text{Assessed Property Value}^2}$$

	6/30/2020	6/30/2021	6/30/2022
Total Debt	\$ 107,091,384	\$ 99,418,895	\$ 96,704,966
Assessed Property Value	\$ 1,011,849,689	\$ 1,037,412,060	\$ 1,059,843,174
Debt to Assessed Property Value	10.58%	9.58%	9.12%



Debt to Assessed Property Value - This ratio examines the City's current indebtedness to assessed property value. It measures the wealth available to support present indebtedness so the City can include any anticipated debt to calculate a new ratio, thus helping determine whether the City has capacity to meet present and future obligations.

¹ Principal amount only (any interest expense that would be due is not included)

² This is based on final assessments as received from the State of Tennessee, and excludes any changes made during the year.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - Total

Government Wide

Year Ending June 30	Principal	Interest	Total
2023	10,714,442	5,120,852	15,835,294
2024	11,218,862	4,726,995	15,945,857
2025	11,134,165	4,320,120	15,454,285
2026	11,024,111	3,908,800	14,932,911
2027	10,717,880	3,491,093	14,208,973
2028	10,990,720	3,118,313	14,109,033
2029	8,981,608	2,737,663	11,719,271
2030	9,106,555	2,468,167	11,574,722
2031	8,687,564	2,218,321	10,905,885
2032	8,438,631	1,968,104	10,406,735
2033	8,245,760	1,740,536	9,986,296
2034	8,243,947	1,513,016	9,756,963
2035	7,588,212	1,291,663	8,879,875
2036	6,487,089	1,065,561	7,552,650
2037	5,375,000	907,988	6,282,988
2038	3,065,000	738,088	3,803,088
2039	2,800,000	638,925	3,438,925
2040	2,850,000	553,876	3,403,876
2041	2,900,000	467,163	3,367,163
2042	2,490,000	375,238	2,865,238
2043	1,385,000	290,850	1,675,850
2044	1,385,000	249,300	1,634,300
2045	1,385,000	207,750	1,592,750
2046	1,385,000	166,200	1,551,200
2047	1,385,000	124,650	1,509,650
2048	1,385,000	83,100	1,468,100
2049	1,385,000	41,550	1,426,550
Total	\$ 160,754,546	\$ 44,533,882	\$ 205,288,428

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - Total

City of Morristown

Year Ending June 30	Principal	Interest	Total
2023	3,186,227	2,233,231	5,419,458
2024	3,324,937	2,099,475	5,424,412
2025	3,123,648	1,962,313	5,085,961
2026	3,267,358	1,822,143	5,089,501
2027	3,421,070	1,675,473	5,096,543
2028	3,564,782	1,536,487	5,101,269
2029	2,394,111	1,390,941	3,785,052
2030	2,428,440	1,295,723	3,724,163
2031	2,502,769	1,211,531	3,714,300
2032	2,517,098	1,124,190	3,641,288
2033	2,541,429	1,058,413	3,599,842
2034	2,561,376	989,371	3,550,747
2035	2,576,335	920,004	3,496,339
2036	2,420,000	844,863	3,264,863
2037	2,445,000	771,488	3,216,488
2038	2,340,000	691,488	3,031,488
2039	2,380,000	612,925	2,992,925
2040	2,415,000	536,276	2,951,276
2041	2,455,000	458,263	2,913,263
2042	2,490,000	375,238	2,865,238
2043	1,385,000	290,850	1,675,850
2044	1,385,000	249,300	1,634,300
2045	1,385,000	207,750	1,592,750
2046	1,385,000	166,200	1,551,200
2047	1,385,000	124,650	1,509,650
2048	1,385,000	83,100	1,468,100
2049	1,385,000	41,550	1,426,550
Total	\$ 64,049,580	\$ 24,773,236	\$ 88,822,816

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - Total

Morristown Utilities

Year Ending June 30	Principal	Interest	Total
2023	7,528,215	2,887,621	10,415,836
2024	7,893,925	2,627,520	10,521,445
2025	8,010,517	2,357,807	10,368,324
2026	7,756,753	2,086,657	9,843,410
2027	7,296,810	1,815,620	9,112,430
2028	7,425,938	1,581,826	9,007,764
2029	6,587,497	1,346,722	7,934,219
2030	6,678,115	1,172,444	7,850,559
2031	6,184,795	1,006,790	7,191,585
2032	5,921,533	843,914	6,765,447
2033	5,704,331	682,123	6,386,454
2034	5,682,571	523,645	6,206,216
2035	5,011,877	371,659	5,383,536
2036	4,067,089	220,698	4,287,787
2037	2,930,000	136,500	3,066,500
2038	725,000	46,600	771,600
2039	420,000	26,000	446,000
2040	435,000	17,600	452,600
2041	445,000	8,900	453,900
Total	\$ 96,704,966	\$ 19,760,646	\$ 116,465,612

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - By Debt Type

Government Wide

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2023	50,309	6,955	57,264
2024	53,130	4,134	57,264
2025	41,773	1,175	42,948
Total Capital Leases	\$ 145,212	\$ 12,264	\$ 157,476

Year Ending June 30	Capital Outlay Notes		
	Principal	Interest	Total
2023	330,000	10,197	340,197
2024	330,000	3,399	333,399
Total Capital Outlay Notes	\$ 660,000	\$ 13,596	\$ 673,596

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2023	2,074,133	470,592	2,544,725
2024	2,130,732	420,179	2,550,911
2025	1,942,392	370,262	2,312,654
2026	1,394,111	329,317	1,723,428
2027	1,432,880	294,760	1,727,640
2028	1,470,720	259,205	1,729,925
2029	1,511,608	221,555	1,733,163
2030	1,551,555	183,259	1,734,814
2031	1,072,564	150,463	1,223,027

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - By Debt Type

Government Wide

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2032	\$ 1,098,631	\$ 123,565	\$ 1,222,196
2033	1,125,760	95,535	1,221,295
2034	1,153,947	66,998	1,220,945
2035	1,183,212	37,700	1,220,912
2036	1,177,089	3,673	1,180,762
Total Other Loans	\$ 20,319,334	\$ 3,027,063	\$ 23,346,397

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	8,260,000	4,633,108	12,893,108
2024	8,705,000	4,299,283	13,004,283
2025	9,150,000	3,948,683	13,098,683
2026	9,630,000	3,579,483	13,209,483
2027	9,285,000	3,196,333	12,481,333
2028	9,520,000	2,859,108	12,379,108
2029	7,470,000	2,516,108	9,986,108
2030	7,555,000	2,284,908	9,839,908
2031	7,615,000	2,067,858	9,682,858
2032	7,340,000	1,844,539	9,184,539
2033	7,120,000	1,645,001	8,765,001
2034	7,090,000	1,446,018	8,536,018
2035	6,405,000	1,253,963	7,658,963
2036	5,310,000	1,061,888	6,371,888
2037	5,375,000	907,988	6,282,988
2038	3,065,000	738,088	3,803,088
2039	2,800,000	638,925	3,438,925
2040	2,850,000	553,876	3,403,876
2041	2,900,000	467,163	3,367,163
2042	2,490,000	375,238	2,865,238

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - By Debt Type

Government Wide

Year Ending June 30	Bonds		
	Principal	Interest	Total
2043	\$ 1,385,000	\$ 290,850	\$ 1,675,850
2044	1,385,000	249,300	1,634,300
2045	1,385,000	207,750	1,592,750
2046	1,385,000	166,200	1,551,200
2047	1,385,000	124,650	1,509,650
2048	1,385,000	83,100	1,468,100
2049	1,385,000	41,550	1,426,550
Total Bonds	\$ 139,630,000	\$ 41,480,959	\$ 181,110,959
Total Debt	\$ 160,754,546	\$ 44,533,882	\$ 205,288,428

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - By Debt Type

City of Morristown

Year Ending June 30	Capital Outlay Notes		
	Principal	Interest	Total
2023	330,000	10,197	340,197
2024	330,000	3,399	333,399
Total Capital Outlay Notes	\$ 660,000	\$ 13,596	\$ 673,596

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2023	121,227	50,983	172,210
2024	124,937	47,475	172,412
2025	128,648	43,862	172,510
2026	132,358	40,142	172,500
2027	136,070	37,022	173,092
2028	139,782	33,386	173,168
2029	144,111	29,340	173,451
2030	148,440	25,172	173,612
2031	152,769	20,880	173,649
2032	157,098	16,464	173,562
2033	161,429	11,925	173,354
2034	166,376	7,253	173,629
2035	171,335	2,441	173,776
Total Other Loans	\$ 1,884,580	\$ 366,345	\$ 2,250,925

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - By Debt Type

City of Morristown

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	2,735,000	2,172,051	4,907,051
2024	2,870,000	2,048,601	4,918,601
2025	2,995,000	1,918,451	4,913,451
2026	3,135,000	1,782,001	4,917,001
2027	3,285,000	1,638,451	4,923,451
2028	3,425,000	1,503,101	4,928,101
2029	2,250,000	1,361,601	3,611,601
2030	2,280,000	1,270,551	3,550,551
2031	2,350,000	1,190,651	3,540,651
2032	2,360,000	1,107,726	3,467,726
2033	2,380,000	1,046,488	3,426,488
2034	2,395,000	982,118	3,377,118
2035	2,405,000	917,563	3,322,563
2036	2,420,000	844,863	3,264,863
2037	2,445,000	771,488	3,216,488
2038	2,340,000	691,488	3,031,488
2039	2,380,000	612,925	2,992,925
2040	2,415,000	536,276	2,951,276
2041	2,455,000	458,263	2,913,263
2042	2,490,000	375,238	2,865,238
2043	1,385,000	290,850	1,675,850
2044	1,385,000	249,300	1,634,300
2045	1,385,000	207,750	1,592,750
2046	1,385,000	166,200	1,551,200
2047	1,385,000	124,650	1,509,650
2048	1,385,000	83,100	1,468,100
2049	1,385,000	41,550	1,426,550
Total Bonds	\$ 61,505,000	\$ 24,393,295	\$ 85,898,295
Total Debt	\$ 64,049,580	\$ 24,773,236	\$ 88,822,816

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - By Debt Type

Morristown Utilities

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2023	50,309	6,955	57,264
2024	53,130	4,134	57,264
2025	41,773	1,175	42,948
Total Capital Leases	\$ 145,212	\$ 12,264	\$ 157,476

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2023	1,952,906	419,609	2,372,515
2024	2,005,795	372,704	2,378,499
2025	1,813,744	326,400	2,140,144
2026	1,261,753	289,175	1,550,928
2027	1,296,810	257,738	1,554,548
2028	1,330,938	225,819	1,556,757
2029	1,367,497	192,215	1,559,712
2030	1,403,115	158,087	1,561,202
2031	919,795	129,583	1,049,378
2032	941,533	107,101	1,048,634
2033	964,331	83,610	1,047,941
2034	987,571	59,745	1,047,316
2035	1,011,877	35,259	1,047,136
2036	1,177,089	3,673	1,180,762
Total Other Loans	\$ 18,434,754	\$ 2,660,718	\$ 21,095,472

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year - By Debt Type

Morristown Utilities

Year Ending June 30	Bonds		
	Principal	Interest	Total
2023	5,525,000	2,461,057	7,986,057
2024	5,835,000	2,250,682	8,085,682
2025	6,155,000	2,030,232	8,185,232
2026	6,495,000	1,797,482	8,292,482
2027	6,000,000	1,557,882	7,557,882
2028	6,095,000	1,356,007	7,451,007
2029	5,220,000	1,154,507	6,374,507
2030	5,275,000	1,014,357	6,289,357
2031	5,265,000	877,207	6,142,207
2032	4,980,000	736,813	5,716,813
2033	4,740,000	598,513	5,338,513
2034	4,695,000	463,900	5,158,900
2035	4,000,000	336,400	4,336,400
2036	2,890,000	217,025	3,107,025
2037	2,930,000	136,500	3,066,500
2038	725,000	46,600	771,600
2039	420,000	26,000	446,000
2040	435,000	17,600	452,600
2041	445,000	8,900	453,900
Total Bonds	\$ 78,125,000	\$ 17,087,664	\$ 95,212,664
Total Debt	\$ 96,704,966	\$ 19,760,646	\$ 116,465,612

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Local Government Loan Program Series 2009 Promissory Note

Morristown Utilities - Water System

Year Ending June 30	Principal	Interest	Total
2023	400,000	86,184	486,184
2024	415,000	75,915	490,915
2025	430,000	65,268	495,268
2026	445,000	54,243	499,243
2027	460,000	42,840	502,840
2028	475,000	31,059	506,059
2029	490,000	18,900	508,900
2030	505,000	6,363	511,363
Total	\$ 3,620,000	\$ 380,772	\$ 4,000,772

NOTE:

The Tennessee Municipal Bond Fund Loan, Series 2009 was issued through The Public Building Authority of Clarksville on December 21, 2009 in the amount of \$7,500,000. Proceeds from the loan agreement were issued for the purpose of various capital projects of the Water System. This is variable rate debt that is fixed for a period of five (5) year intervals. The current interest rate is 2.52%.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Local Government Loan Program Series 2009

Government Wide

Year Ending June 30	Principal	Interest	Total
2023	196,001	83,722	279,723
2024	202,000	78,005	280,005
2025	208,000	72,116	280,116
2026	213,999	66,053	280,052
2027	220,000	60,524	280,524
2028	226,000	54,412	280,412
2029	233,000	47,819	280,819
2030	239,999	41,025	281,024
2031	247,000	34,030	281,030
2032	253,999	26,833	280,832
2033	261,000	19,435	280,435
2034	268,999	11,821	280,820
2035	277,004	3,979	280,983
Total	\$ 3,047,001	\$ 599,774	\$ 3,646,775

NOTE:

Tennessee Municipal Bond Fund Loan, Series 2009 was issued through The Public Building Authority of the City of Clarksville on December 21, 2009, in the amount of \$5,000,000. Of the \$5,000,000 issued, \$2,848,113 was for the General Fund, \$162,919 was for Solid Waste Fund, \$81,549 was for Storm Water Fund for the purpose of refinancing the A-1-G issue in the amount \$3,000,000 and to purchase and make improvements to the Roy Widner property; \$1,907,419 was for the Wastewater System for the purpose repaying outstanding indebtedness and construction, extension, renovation and improvement of the Wastewater System; including acquisition of certain equipment. This is variable rate debt that is fixed for a period of five (5) year intervals. At the time of issue, the interest rate was 2.91%. In December 2019 the interest rate decreased to 2.85%.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Local Government Loan Program Series 2009

City of Morristown - General Fund

Year Ending June 30	Principal	Interest	Total
2023	111,642	46,873	158,515
2024	115,059	43,642	158,701
2025	118,477	40,315	158,792
2026	121,894	36,889	158,783
2027	125,312	34,072	159,384
2028	128,730	30,746	159,476
2029	132,717	27,021	159,738
2030	136,704	23,182	159,886
2031	140,691	19,229	159,920
2032	144,678	15,162	159,840
2033	148,666	10,982	159,648
2034	153,222	6,680	159,902
2035	157,955	2,248	160,203
Total	\$ 1,735,747	\$ 337,041	\$ 2,072,788

NOTE:

Tennessee Municipal Bond Fund Loan, Series 2009 was issued through The Public Building Authority of the City of Clarksville on December 21, 2009, in the amount of \$5,000,000. Of the \$5,000,000 issued, \$2,848,113 was for the General Fund, \$162,919 was for Solid Waste Fund, \$81,549 was for Storm Water Fund for the purpose of refinancing the A-1-G issue in the amount \$3,000,000 and to purchase and make improvements to the Roy Widner property; \$1,907,419 was for the Wastewater System for the purpose repaying outstanding indebtedness and construction, extension, renovation and improvement of the Wastewater System; including acquisition of certain equipment. This is variable rate debt that is fixed for a period of five (5) year intervals. At the time of issue, the interest rate was 2.91%. In December 2019 the interest rate decreased to 2.85%.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Local Government Loan Program Series 2009

City of Morristown - Solid Waste Fund

Year Ending June 30	Principal	Interest	Total
2023	6,390	2,740	9,130
2024	6,585	2,555	9,140
2025	6,781	2,365	9,146
2026	6,976	2,169	9,145
2027	7,172	1,967	9,139
2028	7,368	1,760	9,128
2029	7,596	1,546	9,142
2030	7,824	1,327	9,151
2031	8,052	1,101	9,153
2032	8,280	868	9,148
2033	8,509	629	9,138
2034	8,769	382	9,151
2035	8,927	129	9,056
Total	\$ 99,229	\$ 19,538	\$ 118,767

NOTE:

Tennessee Municipal Bond Fund Loan, Series 2009 was issued through The Public Building Authority of the City of Clarksville on December 21, 2009, in the amount of \$5,000,000. Of the \$5,000,000 issued, \$2,848,113 was for the General Fund, \$162,919 was for Solid Waste Fund, \$81,549 was for Storm Water Fund for the purpose of refinancing the A-1-G issue in the amount \$3,000,000 and to purchase and make improvements to the Roy Widner property; \$1,907,419 was for the Wastewater System for the purpose repaying outstanding indebtedness and construction, extension, renovation and improvement of the Wastewater System; including acquisition of certain equipment. This is variable rate debt that is fixed for a period of five (5) year intervals. At the time of issue, the interest rate was 2.91%. In December 2019 the interest rate decreased to 2.85%.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Local Government Loan Program Series 2009

City of Morristown - Storm Water Fund

Year Ending June 30	Principal	Interest	Total
2023	\$ 3,195	\$ 1,370	\$ 4,565
2024	3,293	1,278	4,571
2025	3,390	1,182	4,572
2026	3,488	1,084	4,572
2027	3,586	983	4,569
2028	3,684	880	4,564
2029	3,798	773	4,571
2030	3,912	663	4,575
2031	4,026	550	4,576
2032	4,140	434	4,574
2033	4,254	314	4,568
2034	4,385	191	4,576
2035	4,453	64	4,517
Total	<u>\$ 49,604</u>	<u>\$ 9,766</u>	<u>\$ 59,370</u>

NOTE:

Tennessee Municipal Bond Fund Loan, Series 2009 was issued through The Public Building Authority of the City of Clarksville on December 21, 2009, in the amount of \$5,000,000. Of the \$5,000,000 issued, \$2,848,113 was for the General Fund, \$162,919 was for Solid Waste Fund, \$81,549 was for Storm Water Fund for the purpose of refinancing the A-1-G issue in the amount \$3,000,000 and to purchase and make improvements to the Roy Widner property; \$1,907,419 was for the Wastewater System for the purpose repaying outstanding indebtedness and construction, extension, renovation and improvement of the Wastewater System; including acquisition of certain equipment. This is variable rate debt that is fixed for a period of five (5) year intervals. At the time of issue, the interest rate was 2.91%. In December 2019 the interest rate decreased to 2.85%.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Local Government Loan Program Series 2009

Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	74,774	32,739	107,513
2024	77,063	30,530	107,593
2025	79,352	28,254	107,606
2026	81,641	25,911	107,552
2027	83,930	23,502	107,432
2028	86,218	21,026	107,244
2029	88,889	18,479	107,368
2030	91,559	15,853	107,412
2031	94,231	13,150	107,381
2032	96,901	10,369	107,270
2033	99,571	7,510	107,081
2034	102,623	4,568	107,191
2035	105,669	1,538	107,207
Total	\$ 1,162,421	\$ 233,429	\$ 1,395,850

NOTE:

Tennessee Municipal Bond Fund Loan, Series 2009 was issued through The Public Building Authority of the City of Clarksville on December 21, 2009, in the amount of \$5,000,000. Of the \$5,000,000 issued, \$2,848,113 was for the General Fund, \$162,919 was for Solid Waste Fund, \$81,549 was for Storm Water Fund for the purpose of refinancing the A-1-G issue in the amount \$3,000,000 and to purchase and make improvements to the Roy Widner property; \$1,907,419 was for the Wastewater System for the purpose repaying outstanding indebtedness and construction, extension, renovation and improvement of the Wastewater System; including acquisition of certain equipment. This is variable rate debt that is fixed for a period of five (5) year intervals. At the time of issue, the interest rate was 2.91%. In December 2019 the interest rate decreased to 2.85%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
Capital Outlay Note, Series 2011
Government Wide

Year Ending June 30	Principal	Interest	Total
2023	330,000	10,197	340,197
2024	330,000	3,399	333,399
Total	\$ 660,000	\$ 13,596	\$ 673,596

NOTE:

Capital Outlay Note, Series 2011 was issued on November 8, 2011, in the amount \$4,000,000. The cost of the issue was \$17,994. Of the \$4,000,000 issued, \$3,750,000 went to the General Fund to be used for capital improvements and \$250,000 went to the Solid Waste Fund for the purchase of equipment. The fixed interest rate is 2.06%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
Capital Outlay Note, Series 2011
City of Morristown - General Fund

Year Ending June 30	Principal	Interest	Total
2023	309,375	9,560	318,935
2024	309,375	3,187	312,562
Total	\$ 618,750	\$ 12,747	\$ 631,497

NOTE:

Capital Outlay Note, Series 2011 was issued on November 8, 2011, in the amount \$4,000,000. The cost of the issue was \$17,994. Of the \$4,000,000 issued, \$3,750,000 went to the General Fund to be used for capital improvements and \$250,000 went to the Solid Waste Fund for the purchase of equipment. The fixed interest rate is 2.06%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
Capital Outlay Note, Series 2011
City of Morristown - Solid Waste Fund

Year Ending June 30	Principal	Interest	Total
2023	20,625	637	21,262
2024	20,625	212	20,837
Total	\$ 41,250	\$ 849	\$ 42,099

NOTE:

Capital Outlay Note, Series 2011 was issued on November 8, 2011, in the amount \$4,000,000. The cost of the issue was \$17,994. Of the \$4,000,000 issued, \$3,750,000 went to the General Fund to be used for capital improvements and \$250,000 went to the Solid Waste Fund for the purchase of equipment. The fixed interest rate is 2.06%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
2013 CWSRF Promissory Note
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	237,132	52,663	289,795
2024	240,732	49,058	289,790
2025	244,392	45,397	289,789
2026	248,112	41,681	289,793
2027	251,880	37,909	289,789
2028	255,720	34,079	289,799
2029	259,608	30,191	289,799
2030	263,556	26,243	289,799
2031	267,564	22,236	289,800
2032	271,632	18,167	289,799
2033	275,760	14,037	289,797
2034	279,948	9,844	289,792
2035	284,208	5,588	289,796
2036	216,089	1,362	217,451
Total	\$ 3,596,333	\$ 388,455	\$ 3,984,788

NOTE:

The 2013 CWSRF Promissory Note was issued on March 27, 2013, between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority for the repayment of a principal amount of \$5,000,000 for the purpose of rehabilitation and site work at the wastewater treatment plant. The fixed interest rate is 1.51%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
2014 Promissory Note
Morristown Utilities - Broadband System

Year Ending June 30	Principal	Interest	Total
2023	120,000	4,740	124,740
2024	123,000	1,593	124,593
Total	\$ 243,000	\$ 6,333	\$ 249,333

NOTE:

The 2014 Promissory Note issued on June 26, 2014, with First Horizon Bank (formerly First Tennessee Bank) in the principal amount of \$1,000,000 for the purpose of the purchase, installation, integration and bringing into operational status a phone switch. The fixed interest rate is 2.59%.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Government Loan Program Series 2015 Promissory Note

Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	449,000	206,692	655,692
2024	462,000	194,453	656,453
2025	474,000	180,808	654,808
2026	487,000	167,340	654,340
2027	501,000	153,487	654,487
2028	514,000	139,655	653,655
2029	529,000	124,645	653,645
2030	543,000	109,628	652,628
2031	558,000	94,197	652,197
2032	573,000	78,565	651,565
2033	589,000	62,063	651,063
2034	605,000	45,333	650,333
2035	622,000	28,133	650,133
2036	961,000	2,311	963,311
Total	\$ 7,867,000	\$ 1,587,310	\$ 9,454,310

NOTE:

The Tennessee Municipal Bond Fund Loan, Series 2015 was issued through The Public Building Authority of the City of Clarksville on August 31, 2015, in the principal amount not to exceed \$10,000,000. Morristown Utilities borrowed all available funds for the purpose of the extension, construction, improvement and equipping of the Wastewater System. This is variable rate debt that is fixed for a period of five (5) year intervals. The current interest rate is 2.74%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
2016 Promissory Note
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	672,000	36,591	708,591
2024	688,000	21,155	709,155
2025	586,000	6,673	592,673
Total	\$ 1,946,000	\$ 64,419	\$ 2,010,419

NOTE:

The 2016 Promissory Note issued on December 23, 2016, with First Horizon Bank (formally First Tennessee Bank) in the principal amount not to exceed \$15,000,000 for the purpose of the extension, construction, improvement and equipping of the Wastewater System. As of June 30, 2019, \$5,090,000 has been drawn on the loan. The fixed interest rate is 2.27%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2017
City of Morristown - General Fund

Year Ending June 30	Principal	Interest	Total
2023	305,000	268,463	573,463
2024	315,000	259,313	574,313
2025	320,000	249,863	569,863
2026	330,000	240,263	570,263
2027	340,000	230,363	570,363
2028	350,000	220,163	570,163
2029	360,000	209,663	569,663
2030	375,000	198,863	573,863
2031	385,000	187,613	572,613
2032	395,000	176,063	571,063
2033	410,000	164,213	574,213
2034	420,000	151,193	571,193
2035	430,000	139,313	569,313
2036	445,000	126,413	571,413
2037	460,000	113,063	573,063
2038	475,000	95,813	570,813
2039	495,000	78,000	573,000
2040	510,000	59,438	569,438
2041	530,000	40,313	570,313
2042	545,000	20,438	565,438
Total	\$ 8,195,000	\$ 3,228,827	\$ 11,423,827

NOTE:

General Obligation Bonds, Series 2017 were issued on March 30, 2017, in the amount \$9,710,000. The bonds were sold at a premium totaling \$285,743 and issued at a cost of \$184,975. The bonds were used for the new Public Works Facility, the new Fire Station #4 Facility and Morristown Landing. The fixed interest rate on the Series 2017 Bonds is 3% to 3.75% with a true interest cost of 3.175%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2018
Government Wide

Year Ending June 30	Principal	Interest	Total
2023	3,660,000	2,058,707	5,718,707
2024	3,860,000	1,875,707	5,735,707
2025	4,055,000	1,682,707	5,737,707
2026	4,265,000	1,477,957	5,742,957
2027	4,490,000	1,266,707	5,756,707
2028	4,690,000	1,087,107	5,777,107
2029	2,585,000	899,507	3,484,507
2030	2,615,000	821,957	3,436,957
2031	2,695,000	743,507	3,438,507
2032	2,770,000	659,288	3,429,288
2033	2,865,000	569,263	3,434,263
2034	2,955,000	476,150	3,431,150
2035	3,055,000	372,725	3,427,725
2036	1,960,000	265,800	2,225,800
2037	2,025,000	197,200	2,222,200
2038	785,000	116,200	901,200
2039	500,000	84,800	584,800
2040	520,000	64,800	584,800
2041	540,000	44,000	584,000
2042	560,000	22,400	582,400
Total	\$ 51,450,000	\$ 14,786,489	\$ 66,236,489

NOTE:

The General Obligation Bonds, Series 2018 was issued on October 24, 2018, in the amount \$64,325,000. The bonds were sold at a premium totaling \$3,903,184 and issued at a cost of \$907,319. These bonds refunded \$43,706,000 variable rate debt outstanding on the TMBF Loan Series 2008. Of this amount, \$11,092,098 related to City debt and \$32,613,902 to Morristown Utilities debt. Also included in this issue was the refunding of Morristown Utilities undrawn proceeds from the 2016 Loan in the amount \$9,910,000. Of the \$64,325,000 issued, \$19,190,000 went to the City of Morristown and \$45,135,000 went to Morristown Utilities. The fixed interest rate for the 2018 Series ranges from 3% to 5% with a true interest cost of 3.23%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2018
City of Morristown - General Fund

Year Ending June 30	Principal	Interest	Total
2023	1,235,000	627,350	1,862,350
2024	1,315,000	565,600	1,880,600
2025	1,390,000	499,850	1,889,850
2026	1,475,000	430,350	1,905,350
2027	1,565,000	356,600	1,921,600
2028	1,645,000	294,000	1,939,000
2029	405,000	228,200	633,200
2030	365,000	216,050	581,050
2031	380,000	205,100	585,100
2032	390,000	193,225	583,225
2033	400,000	180,550	580,550
2034	415,000	167,550	582,550
2035	430,000	153,025	583,025
2036	445,000	137,975	582,975
2037	460,000	122,400	582,400
2038	480,000	104,000	584,000
2039	500,000	84,800	584,800
2040	520,000	64,800	584,800
2041	540,000	44,000	584,000
2042	560,000	22,400	582,400
Total	\$ 14,915,000	\$ 4,697,825	\$ 19,612,825

NOTE:

The General Obligation Bonds, Series 2018 was issued on October 24, 2018, in the amount \$64,325,000. The bonds were sold at a premium totaling \$3,903,184 and issued at a cost of \$907,319. These bonds refunded \$43,706,000 variable rate debt outstanding on the TMBF Loan Series 2008. Of this amount, \$11,092,098 related to City debt and \$32,613,902 to Morristown Utilities debt. Also included in this issue was the refunding of Morristown Utilities undrawn proceeds from the 2016 Loan in the amount \$9,910,000. Of the \$64,325,000 issued, \$19,190,000 went to the City of Morristown and \$45,135,000 went to Morristown Utilities. The fixed interest rate for the 2018 Series ranges from 3% to 5% with a true interest cost of 3.23%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2018
Morristown Utilities - Power System

Year Ending June 30	Principal	Interest	Total
2023	170,000	144,625	314,625
2024	180,000	136,125	316,125
2025	190,000	127,125	317,125
2026	200,000	117,625	317,625
2027	210,000	107,625	317,625
2028	220,000	99,225	319,225
2029	225,000	90,425	315,425
2030	235,000	83,675	318,675
2031	240,000	76,625	316,625
2032	245,000	69,125	314,125
2033	255,000	61,163	316,163
2034	265,000	52,875	317,875
2035	275,000	43,600	318,600
2036	285,000	33,975	318,975
2037	295,000	24,000	319,000
2038	305,000	12,200	317,200
Total	\$ 3,795,000	\$ 1,280,013	\$ 5,075,013

NOTE:

The General Obligation Bonds, Series 2018 was issued on October 24, 2018, in the amount \$64,325,000. The bonds were sold at a premium totaling \$3,903,184 and issued at a cost of \$907,319. These bonds refunded \$43,706,000 variable rate debt outstanding on the TMBF Loan Series 2008. Of this amount, \$11,092,098 related to City debt and \$32,613,902 to Morristown Utilities debt. Also included in this issue was the refunding of Morristown Utilities undrawn proceeds from the 2016 Loan in the amount \$9,910,000. Of the \$64,325,000 issued, \$19,190,000 went to the City of Morristown and \$45,135,000 went to Morristown Utilities. The fixed interest rate for the 2018 Series ranges from 3% to 5% with a true interest cost of 3.23%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2018 - Refunding
Morristown Utilities - Power System

Year Ending June 30	Principal	Interest	Total
2023	1,055,000	509,113	1,564,113
2024	1,105,000	456,363	1,561,363
2025	1,155,000	401,113	1,556,113
2026	1,205,000	343,363	1,548,363
2027	1,260,000	283,113	1,543,113
2028	1,305,000	232,713	1,537,713
2029	725,000	180,513	905,513
2030	745,000	158,763	903,763
2031	770,000	136,413	906,413
2032	790,000	112,350	902,350
2033	820,000	86,675	906,675
2034	845,000	60,025	905,025
2035	870,000	30,450	900,450
Total	\$ 12,650,000	\$ 2,990,967	\$ 15,640,967

NOTE:

The General Obligation Bonds, Series 2018 was issued on October 24, 2018, in the amount \$64,325,000. The bonds were sold at a premium totaling \$3,903,184 and issued at a cost of \$907,319. These bonds refunded \$43,706,000 variable rate debt outstanding on the TMBF Loan Series 2008. Of this amount, \$11,092,098 related to City debt and \$32,613,902 to Morristown Utilities debt. Also included in this issue was the refunding of Morristown Utilities undrawn proceeds from the 2016 Loan in the amount \$9,910,000. Of the \$64,325,000 issued, \$19,190,000 went to the City of Morristown and \$45,135,000 went to Morristown Utilities. The fixed interest rate for the 2018 Series ranges from 3% to 5% with a true interest cost of 3.23%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2018
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	-	339,069	339,069
2024	-	339,069	339,069
2025	-	339,069	339,069
2026	-	339,069	339,069
2027	-	339,069	339,069
2028	-	339,069	339,069
2029	985,000	339,069	1,324,069
2030	1,015,000	309,519	1,324,519
2031	1,045,000	279,069	1,324,069
2032	1,075,000	246,413	1,321,413
2033	1,110,000	211,475	1,321,475
2034	1,145,000	175,400	1,320,400
2035	1,185,000	135,325	1,320,325
2036	1,230,000	93,850	1,323,850
2037	1,270,000	50,800	1,320,800
Total	\$ 10,060,000	\$ 3,875,334	\$ 13,935,334

NOTE:

The General Obligation Bonds, Series 2018 was issued on October 24, 2018, in the amount \$64,325,000. The bonds were sold at a premium totaling \$3,903,184 and issued at a cost of \$907,319. These bonds refunded \$43,706,000 variable rate debt outstanding on the TMBF Loan Series 2008. Of this amount, \$11,092,098 related to City debt and \$32,613,902 to Morristown Utilities debt. Also included in this issue was the refunding of Morristown Utilities undrawn proceeds from the 2016 Loan in the amount \$9,910,000. Of the \$64,325,000 issued, \$19,190,000 went to the City of Morristown and \$45,135,000 went to Morristown Utilities. The fixed interest rate for the 2018 Series ranges from 3% to 5% with a true interest cost of 3.23%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2018 - Refunding
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	1,015,000	318,850	1,333,850
2024	1,065,000	268,100	1,333,100
2025	1,115,000	214,850	1,329,850
2026	1,170,000	159,100	1,329,100
2027	1,230,000	100,600	1,330,600
2028	1,285,000	51,400	1,336,400
Total	\$ 6,880,000	\$ 1,112,900	\$ 7,992,900

NOTE:

The General Obligation Bonds, Series 2018 was issued on October 24, 2018, in the amount \$64,325,000. The bonds were sold at a premium totaling \$3,903,184 and issued at a cost of \$907,319. These bonds refunded \$43,706,000 variable rate debt outstanding on the TMBF Loan Series 2008. Of this amount, \$11,092,098 related to City debt and \$32,613,902 to Morristown Utilities debt. Also included in this issue was the refunding of Morristown Utilities undrawn proceeds from the 2016 Loan in the amount \$9,910,000. Of the \$64,325,000 issued, \$19,190,000 went to the City of Morristown and \$45,135,000 went to Morristown Utilities. The fixed interest rate for the 2018 Series ranges from 3% to 5% with a true interest cost of 3.23%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2018
Morristown Utilities - Broadband System

Year Ending June 30	Principal	Interest	Total
2023	185,000	119,700	304,700
2024	195,000	110,450	305,450
2025	205,000	100,700	305,700
2026	215,000	88,450	303,450
2027	225,000	79,700	304,700
2028	235,000	70,700	305,700
2029	245,000	61,300	306,300
2030	255,000	53,950	308,950
2031	260,000	46,300	306,300
2032	270,000	38,175	308,175
2033	280,000	29,400	309,400
2034	285,000	20,300	305,300
2035	295,000	10,325	305,325
Total	\$ 3,150,000	\$ 829,450	\$ 3,979,450

NOTE:

The General Obligation Bonds, Series 2018 was issued on October 24, 2018, in the amount \$64,325,000. The bonds were sold at a premium totaling \$3,903,184 and issued at a cost of \$907,319. These bonds refunded \$43,706,000 variable rate debt outstanding on the TMBF Loan Series 2008. Of this amount, \$11,092,098 related to City debt and \$32,613,902 to Morristown Utilities debt. Also included in this issue was the refunding of Morristown Utilities undrawn proceeds from the 2016 Loan in the amount \$9,910,000. Of the \$64,325,000 issued, \$19,190,000 went to the City of Morristown and \$45,135,000 went to Morristown Utilities. The fixed interest rate for the 2018 Series ranges from 3% to 5% with a true interest cost of 3.23%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
2019 Capital Lease
Morristown Utilities - Telecom Division

Year Ending June 30	Principal	Interest	Total
2023	50,309	6,955	57,264
2024	53,130	4,134	57,264
2025	41,773	1,175	42,948
Total	\$ 145,212	\$ 12,264	\$ 157,476

NOTE:

The 2019 Capital Lease was entered on May 1, 2019, with a face amount of \$293,664 for the purpose of purchasing two Altec bucket trucks for the Telecom Division. The fixed interest rate is 5.312%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2019
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	900,000	418,100	1,318,100
2024	905,000	372,975	1,277,975
2025	915,000	327,475	1,242,475
2026	925,000	281,475	1,206,475
2027	935,000	234,975	1,169,975
2028	935,000	192,900	1,127,900
2029	935,000	155,500	1,090,500
2030	930,000	122,850	1,052,850
2031	920,000	95,100	1,015,100
2032	910,000	67,650	977,650
2033	900,000	40,500	940,500
2034	900,000	13,500	913,500
Total	\$ 11,010,000	\$ 2,323,000	\$ 13,333,000

NOTE:

General Obligation Refunding Bonds, Series 2019 were issued on June 28, 2019, in the amount \$12,775,000. The bonds were sold at a premium totaling \$1,351,198 and issued at a cost of \$169,297. The bonds refunded Morristown Utilities Wastewater System Tennessee Municipal Bond Fund Loan Series 2013. The fixed interest rate on the Series 2019 Bonds ranges from 3.00% to 5.00% with a true interest cost of 2.28%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2019B
City of Morristown - General Fund

Year Ending June 30	Principal	Interest	Total
2023	955,000	1,217,738	2,172,738
2024	1,005,000	1,169,988	2,174,988
2025	1,055,000	1,119,738	2,174,738
2026	1,110,000	1,066,988	2,176,988
2027	1,165,000	1,011,488	2,176,488
2028	1,220,000	953,238	2,173,238
2029	1,280,000	892,238	2,172,238
2030	1,345,000	828,238	2,173,238
2031	1,390,000	774,438	2,164,438
2032	1,390,000	718,838	2,108,838
2033	1,390,000	685,825	2,075,825
2034	1,390,000	651,075	2,041,075
2035	1,385,000	616,325	2,001,325
2036	1,385,000	574,775	1,959,775
2037	1,385,000	533,225	1,918,225
2038	1,385,000	491,675	1,876,675
2039	1,385,000	450,125	1,835,125
2040	1,385,000	412,038	1,797,038
2041	1,385,000	373,950	1,758,950
2042	1,385,000	332,400	1,717,400
2043	1,385,000	290,850	1,675,850
2044	1,385,000	249,300	1,634,300
2045	1,385,000	207,750	1,592,750
2046	1,385,000	166,200	1,551,200
2047	1,385,000	124,650	1,509,650
2048	1,385,000	83,100	1,468,100
2049	1,385,000	41,550	1,426,550
Total	\$ 35,470,000	\$ 16,037,743	\$ 51,507,743

NOTE:

General Obligation Bonds, Series 2019B were issued on December 2, 2019, in the amount \$37,250,000. The bonds were sold at a premium totaling \$2,554,964 and issued at a cost of \$651,051. The 2019B Bonds were issued for the purpose of funding the new Community Center. The fixed interest rate on the Series 2019B Bonds ranges from 2.375% to 5.00% with a true interest cost of 2.75%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2021A
Government Wide

Year Ending June 30	Principal	Interest	Total
2023	2,330,000	534,400	2,864,400
2024	2,350,000	487,800	2,837,800
2025	2,495,000	440,800	2,935,800
2026	2,675,000	390,900	3,065,900
2027	2,025,000	337,400	2,362,400
2028	1,995,000	296,900	2,291,900
2029	1,970,000	257,000	2,227,000
2030	1,940,000	217,600	2,157,600
2031	1,865,000	178,800	2,043,800
2032	1,505,000	141,500	1,646,500
2033	1,180,000	111,400	1,291,400
2034	1,040,000	87,800	1,127,800
2035	1,140,000	67,000	1,207,000
2036	1,115,000	44,200	1,159,200
2037	1,095,000	21,900	1,116,900
Total	\$ 26,720,000	\$ 3,615,400	\$ 30,335,400

NOTE:

General Obligation Bonds, Series 2021A were issued on September 10, 2021, in the amount \$28,320,000. Of this amount \$2,990,000 is allocated to Storm Water, \$21,740,000 to the Wastewater System and \$3,590,000 to the Water System. The bonds were sold at a premium totaling \$1,560,953 and issued at a cost of \$159,627. The 2021A Bonds were issued for the purpose of financing capital improvement projects and to refund the following debt: 2012 General Obligation Bonds Storm Water & Sewer (\$31,000,000), 2007 CWSRF Sewer Revenue and Tax Loan (\$12,500,000), 2009 CWSRF Sewer Revenue and Tax Loan (\$1,600,000) and the DWSRF Water Revenue, Tax Bonds (\$10,492,582), and the Series 2011 Water Revenue and Tax Bonds (\$2,000,000). Refunding produced net PV savings in the amount \$3,390,369. The fixed interest rate on the Series 2021A Bonds is 2.0% with a true interest cost of 1.25%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2021A
City of Morristown - Storm Water Fund

Year Ending June 30	Principal	Interest	Total
2023	240,000	58,500	298,500
2024	235,000	53,700	288,700
2025	230,000	49,000	279,000
2026	220,000	44,400	264,400
2027	215,000	40,000	255,000
2028	210,000	35,700	245,700
2029	205,000	31,500	236,500
2030	195,000	27,400	222,400
2031	195,000	23,500	218,500
2032	185,000	19,600	204,600
2033	180,000	15,900	195,900
2034	170,000	12,300	182,300
2035	160,000	8,900	168,900
2036	145,000	5,700	150,700
2037	140,000	2,800	142,800
Total	\$ 2,925,000	\$ 428,900	\$ 3,353,900

NOTE:

General Obligation Bonds, Series 2021A were issued on September 10, 2021, in the amount \$28,320,000. Of this amount \$2,990,000 is allocated to Storm Water, \$21,740,000 to the Wastewater System and \$3,590,000 to the Water System. The bonds were sold at a premium totaling \$1,560,953 and issued at a cost of \$159,627. The 2021A Bonds were issued for the purpose of financing capital improvement projects and to refund the following debt: 2012 General Obligation Bonds Storm Water & Sewer (\$31,000,000), 2007 CWSRF Sewer Revenue and Tax Loan (\$12,500,000), 2009 CWSRF Sewer Revenue and Tax Loan (\$1,600,000) and the DWSRF Water Revenue, Tax Bonds (\$10,492,582), and the Series 2011 Water Revenue and Tax Bonds (\$2,000,000). Refunding produced net PV savings in the amount \$3,390,369. The fixed interest rate on the Series 2021A Bonds is 2.0% with a true interest cost of 1.25%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2021A
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	1,425,000	417,800	1,842,800
2024	1,455,000	389,300	1,844,300
2025	1,625,000	360,200	1,985,200
2026	1,890,000	327,700	2,217,700
2027	1,740,000	289,900	2,029,900
2028	1,715,000	255,100	1,970,100
2029	1,695,000	220,800	1,915,800
2030	1,675,000	186,900	1,861,900
2031	1,620,000	153,400	1,773,400
2032	1,275,000	121,000	1,396,000
2033	1,000,000	95,500	1,095,500
2034	870,000	75,500	945,500
2035	980,000	58,100	1,038,100
2036	970,000	38,500	1,008,500
2037	955,000	19,100	974,100
Total	\$ 20,890,000	\$ 3,008,800	\$ 23,898,800

NOTE:

General Obligation Bonds, Series 2021A were issued on September 10, 2021, in the amount \$28,320,000. Of this amount \$2,990,000 is allocated to Storm Water, \$21,740,000 to the Wastewater System and \$3,590,000 to the Water System. The bonds were sold at a premium totaling \$1,560,953 and issued at a cost of \$159,627. The 2021A Bonds were issued for the purpose of financing capital improvement projects and to refund the following debt: 2012 General Obligation Bonds Storm Water & Sewer (\$31,000,000), 2007 CWSRF Sewer Revenue and Tax Loan (\$12,500,000), 2009 CWSRF Sewer Revenue and Tax Loan (\$1,600,000) and the DWSRF Water Revenue, Tax Bonds (\$10,492,582), and the Series 2011 Water Revenue and Tax Bonds (\$2,000,000). Refunding produced net PV savings in the amount \$3,390,369. The fixed interest rate on the Series 2021A Bonds is 2.0% with a true interest cost of 1.25%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2021A
Morristown Utilities - Water System

Year Ending June 30	Principal	Interest	Total
2023	665,000	58,100	723,100
2024	660,000	44,800	704,800
2025	640,000	31,600	671,600
2026	565,000	18,800	583,800
2027	70,000	7,500	77,500
2028	70,000	6,100	76,100
2029	70,000	4,700	74,700
2030	70,000	3,300	73,300
2031	50,000	1,900	51,900
2032	45,000	900	45,900
Total	\$ 2,905,000	\$ 177,700	\$ 3,082,700

NOTE:

General Obligation Bonds, Series 2021A were issued on September 10, 2021, in the amount \$28,320,000. Of this amount \$2,990,000 is allocated to Storm Water, \$21,740,000 to the Wastewater System and \$3,590,000 to the Water System. The bonds were sold at a premium totaling \$1,560,953 and issued at a cost of \$159,627. The 2021A Bonds were issued for the purpose of financing capital improvement projects and to refund the following debt: 2012 General Obligation Bonds Storm Water & Sewer (\$31,000,000), 2007 CWSRF Sewer Revenue and Tax Loan (\$12,500,000), 2009 CWSRF Sewer Revenue and Tax Loan (\$1,600,000) and the DWSRF Water Revenue, Tax Bonds (\$10,492,582), and the Series 2011 Water Revenue and Tax Bonds (\$2,000,000). Refunding produced net PV savings in the amount \$3,390,369. The fixed interest rate on the Series 2021A Bonds is 2.0% with a true interest cost of 1.25%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2021B
Government Wide

Year Ending June 30	Principal	Interest	Total
2023	110,000	135,700	245,700
2024	270,000	133,500	403,500
2025	310,000	128,100	438,100
2026	325,000	121,900	446,900
2027	330,000	115,400	445,400
2028	330,000	108,800	438,800
2029	340,000	102,200	442,200
2030	350,000	95,400	445,400
2031	360,000	88,400	448,400
2032	370,000	81,200	451,200
2033	375,000	73,800	448,800
2034	385,000	66,300	451,300
2035	395,000	58,600	453,600
2036	405,000	50,700	455,700
2037	410,000	42,600	452,600
2038	420,000	34,400	454,400
2039	420,000	26,000	446,000
2040	435,000	17,600	452,600
2041	445,000	8,900	453,900
Total	\$ 6,785,000	\$ 1,489,500	\$ 8,274,500

NOTE:

General Obligation Bonds, Series 2021B were issued on September 10, 2021, in the amount \$6,785,000. Of this amount \$3,395,000 was allocated to the Wastewater System and \$3,390,000 was allocated to the Water System. The bonds were sold at a premium totaling \$339,975 and issued at a cost of \$65,125. The 2021B Bonds were issued for the purpose of financing improvements and extensions to the water system and wastewater system. The fixed interest rate on the Series 2021B Bonds is 2.0% with a true interest cost of 1.597%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2021B
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2023	-	67,900	67,900
2024	105,000	67,900	172,900
2025	125,000	65,800	190,800
2026	165,000	63,300	228,300
2027	170,000	60,000	230,000
2028	170,000	56,600	226,600
2029	175,000	53,200	228,200
2030	180,000	49,700	229,700
2031	185,000	46,100	231,100
2032	190,000	42,400	232,400
2033	195,000	38,600	233,600
2034	200,000	34,700	234,700
2035	205,000	30,700	235,700
2036	210,000	26,600	236,600
2037	215,000	22,400	237,400
2038	220,000	18,100	238,100
2039	220,000	13,700	233,700
2040	230,000	9,300	239,300
2041	235,000	4,700	239,700
Total	\$ 3,395,000	\$ 771,700	\$ 4,166,700

NOTE:

General Obligation Bonds, Series 2021B were issued on September 10, 2021, in the amount \$6,785,000. Of this amount \$3,395,000 was allocated to the Wastewater System and \$3,390,000 was allocated to the Water System. The bonds were sold at a premium totaling \$339,975 and issued at a cost of \$65,125. The 2021B Bonds were issued for the purpose of financing improvements and extensions to the water system and wastewater system. The fixed interest rate on the Series 2021B Bonds is 2.0% with a true interest cost of 1.597%.

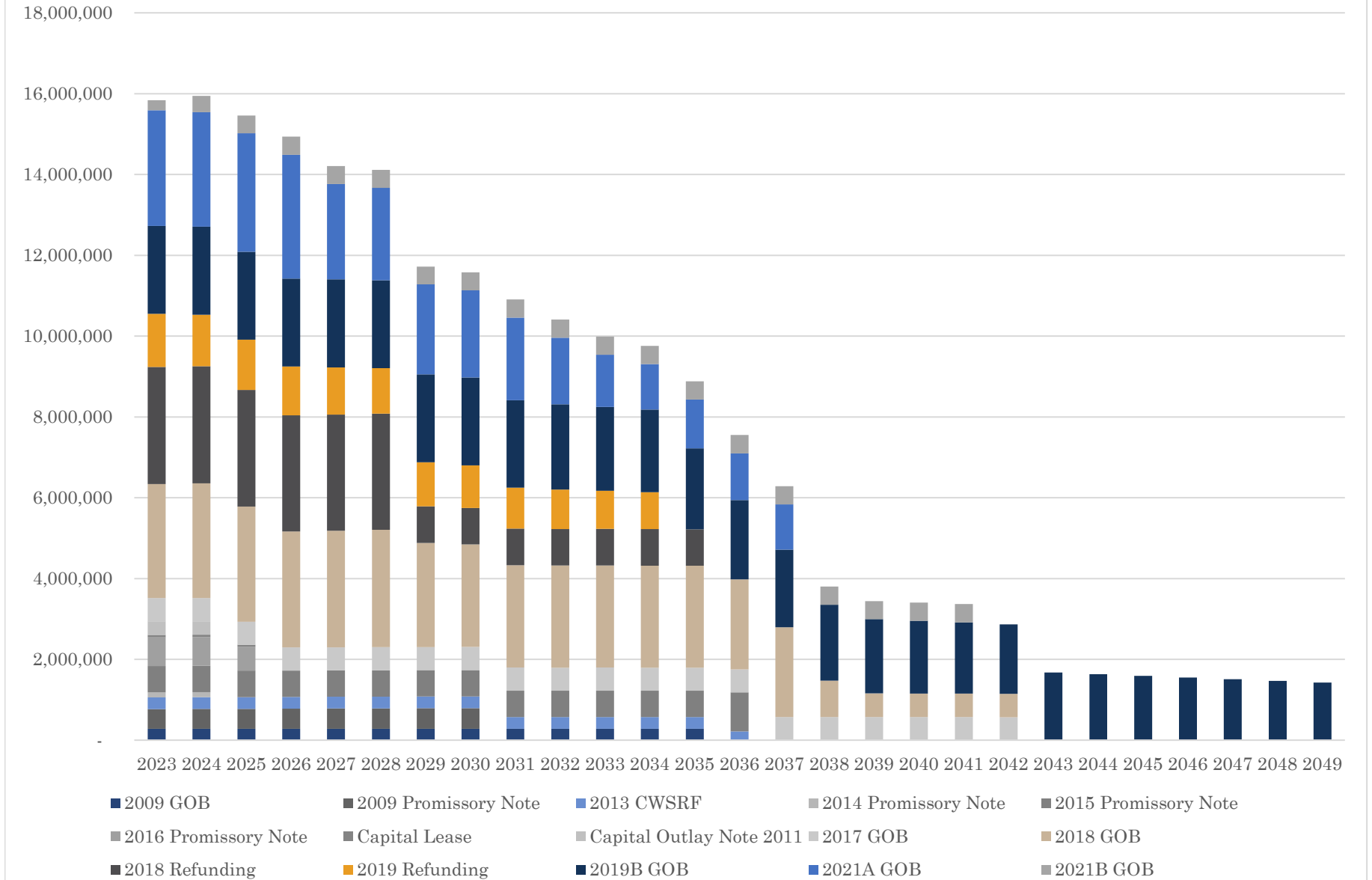
City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2021B
Morristown Utilities - Water System

Year Ending June 30	Principal	Interest	Total
2023	110,000	67,800	177,800
2024	165,000	65,600	230,600
2025	185,000	62,300	247,300
2026	160,000	58,600	218,600
2027	160,000	55,400	215,400
2028	160,000	52,200	212,200
2029	165,000	49,000	214,000
2030	170,000	45,700	215,700
2031	175,000	42,300	217,300
2032	180,000	38,800	218,800
2033	180,000	35,200	215,200
2034	185,000	31,600	216,600
2035	190,000	27,900	217,900
2036	195,000	24,100	219,100
2037	195,000	20,200	215,200
2038	200,000	16,300	216,300
2039	200,000	12,300	212,300
2040	205,000	8,300	213,300
2041	210,000	4,200	214,200
Total	\$ 3,390,000	\$ 717,800	\$ 4,107,800

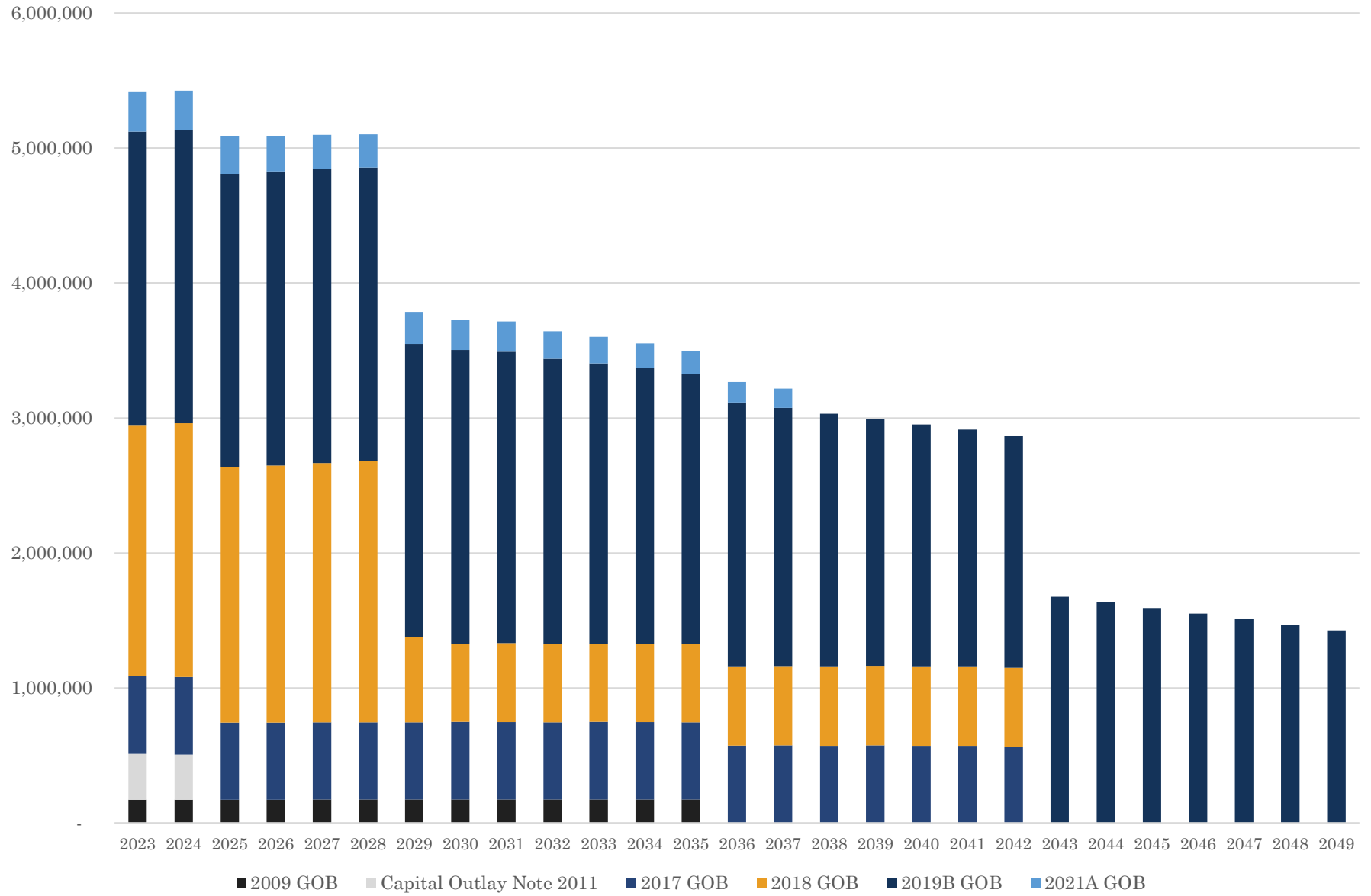
NOTE:

General Obligation Bonds, Series 2021B were issued on September 10, 2021, in the amount \$6,785,000. Of this amount \$3,395,000 was allocated to the Wastewater System and \$3,390,000 was allocated to the Water System. The bonds were sold at a premium totaling \$339,975 and issued at a cost of \$65,125. The 2021B Bonds were issued for the purpose of financing improvements and extensions to the water system and wastewater system. The fixed interest rate on the Series 2021B Bonds is 2.0% with a true interest cost of 1.597%.

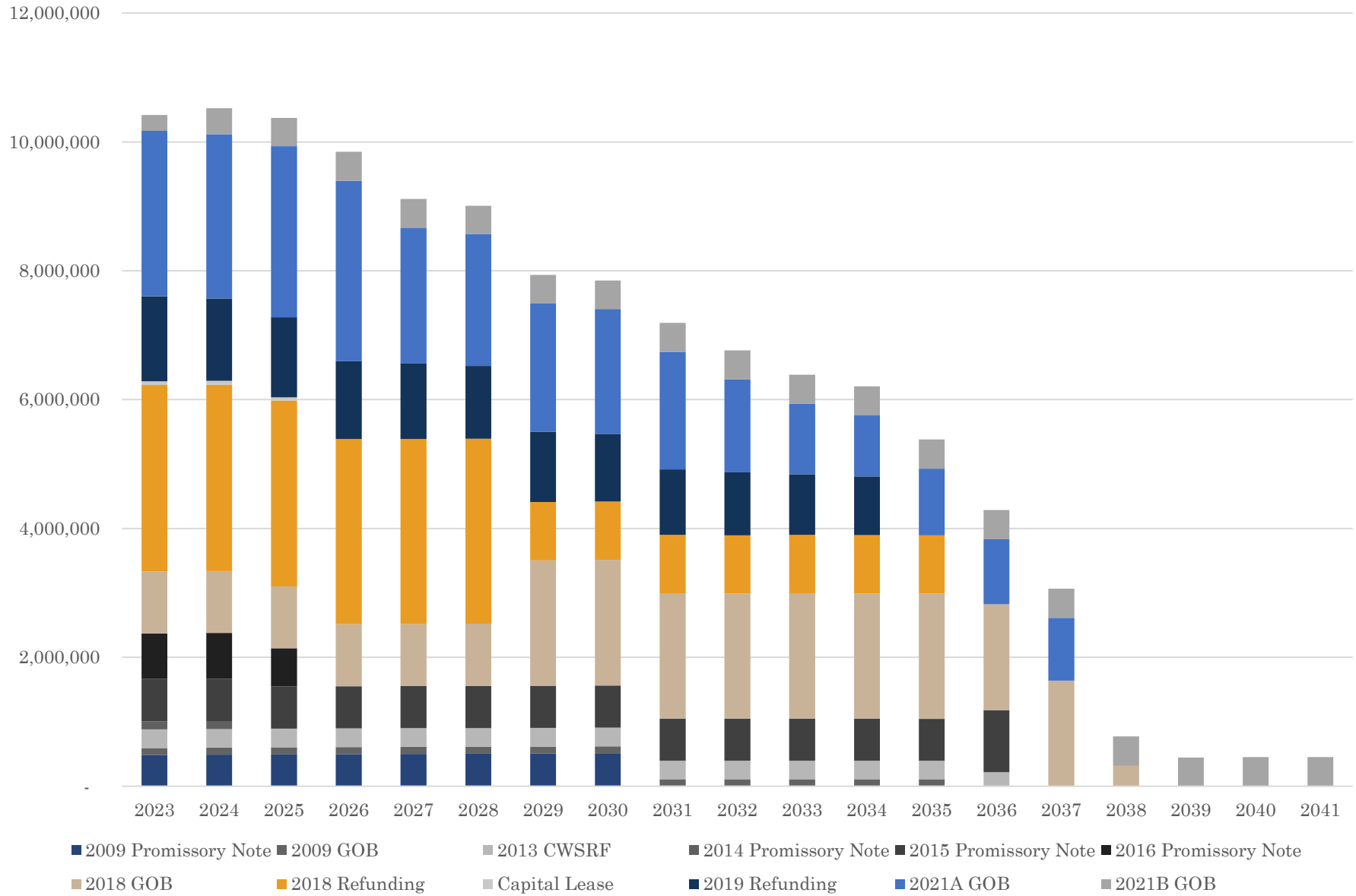
Schedule of Total Payments Government Wide



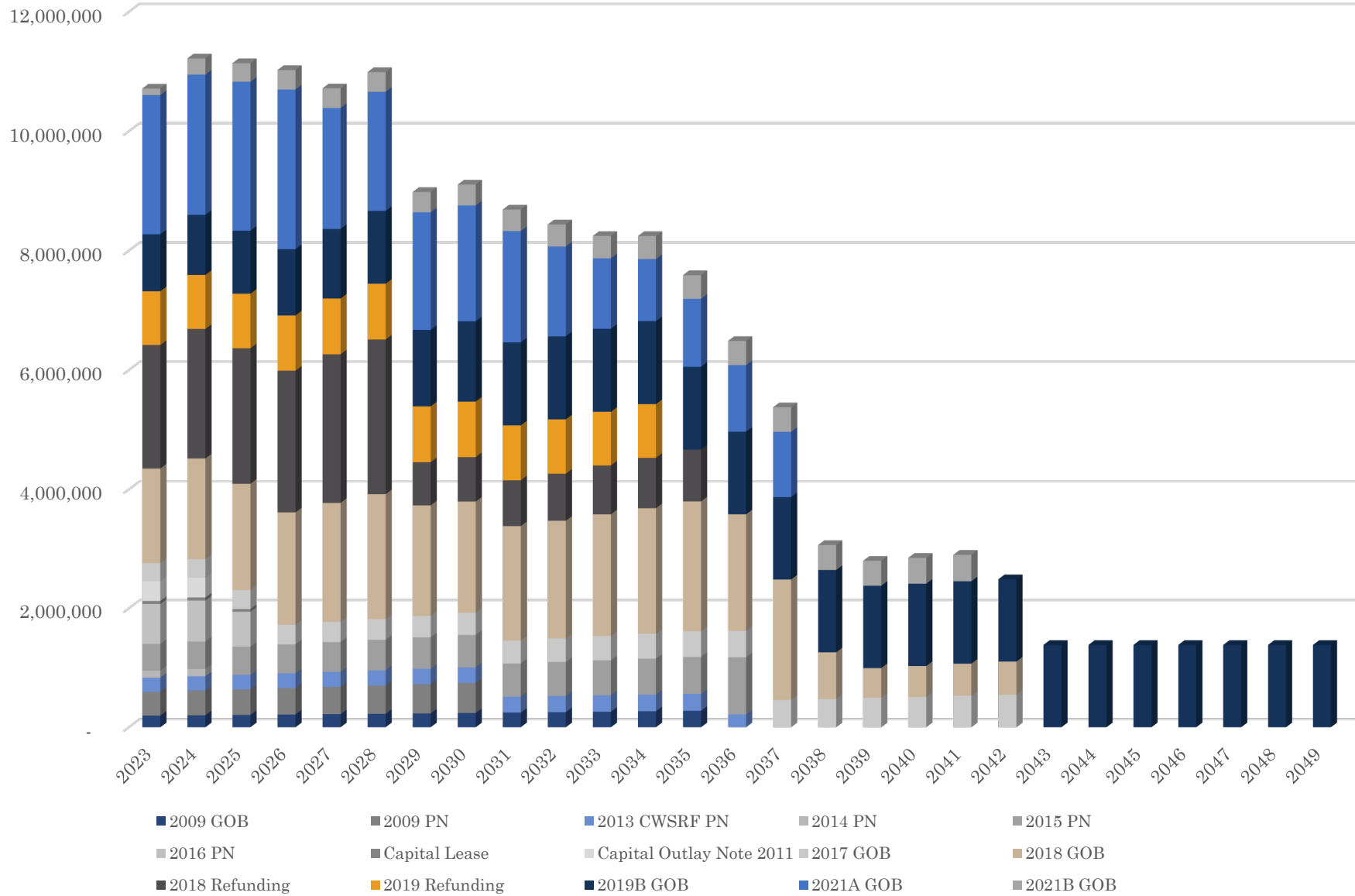
Schedule of Total Payments City of Morristown Only



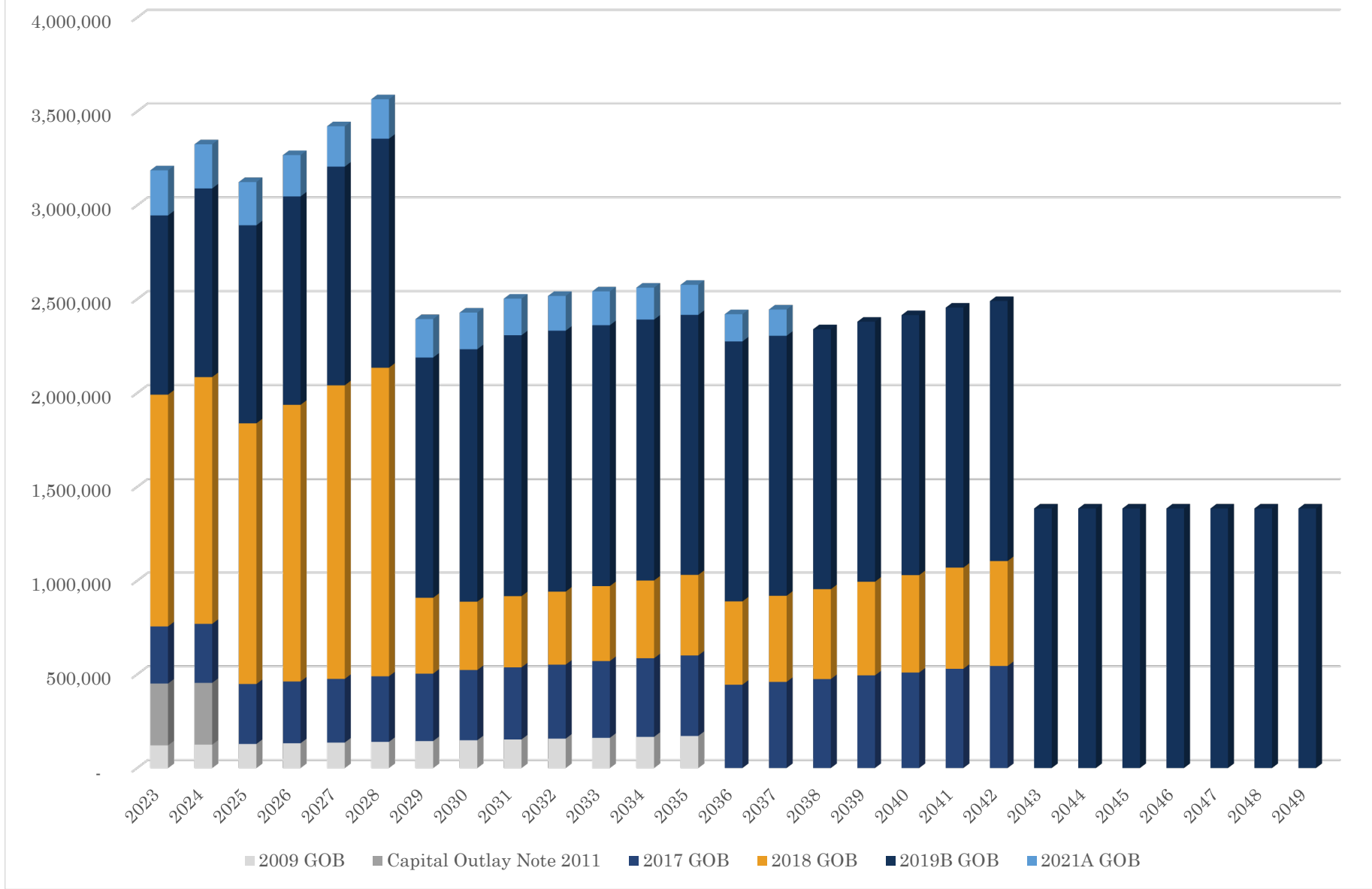
Schedule of Total Payments Morristown Utilities



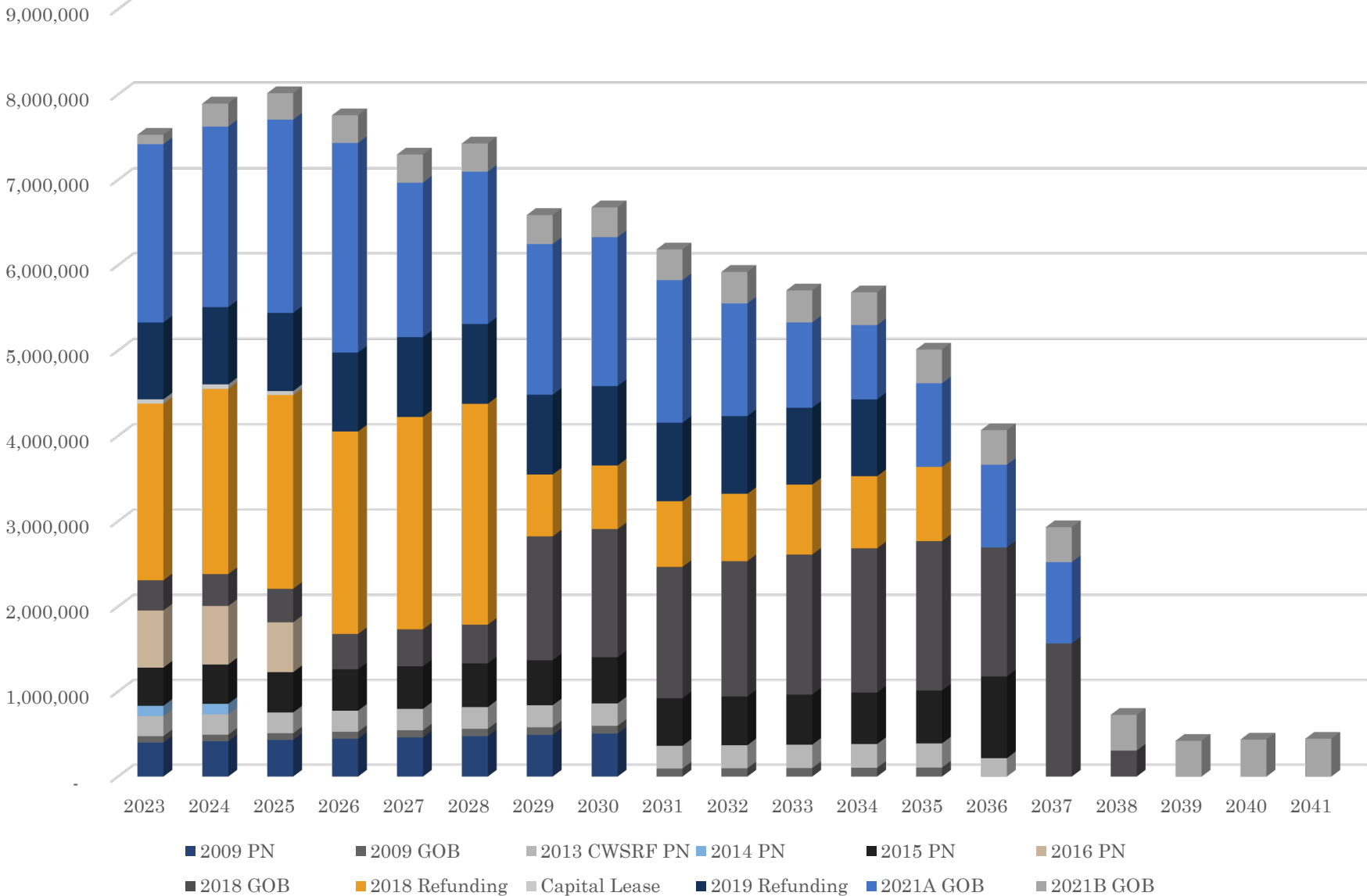
Schedule of Principal Payments Government Wide



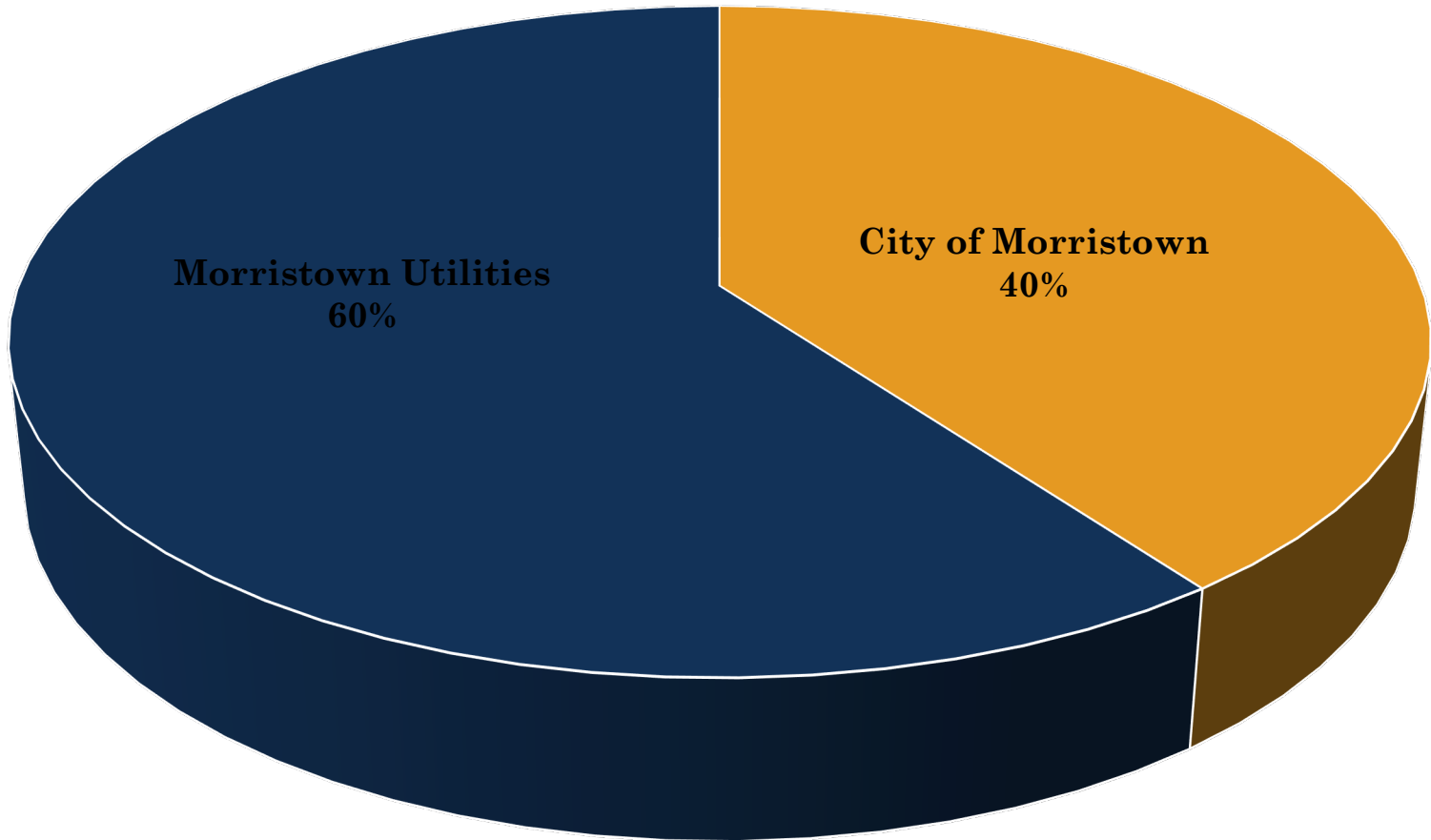
Schedule of Principal Payments City of Morristown Only



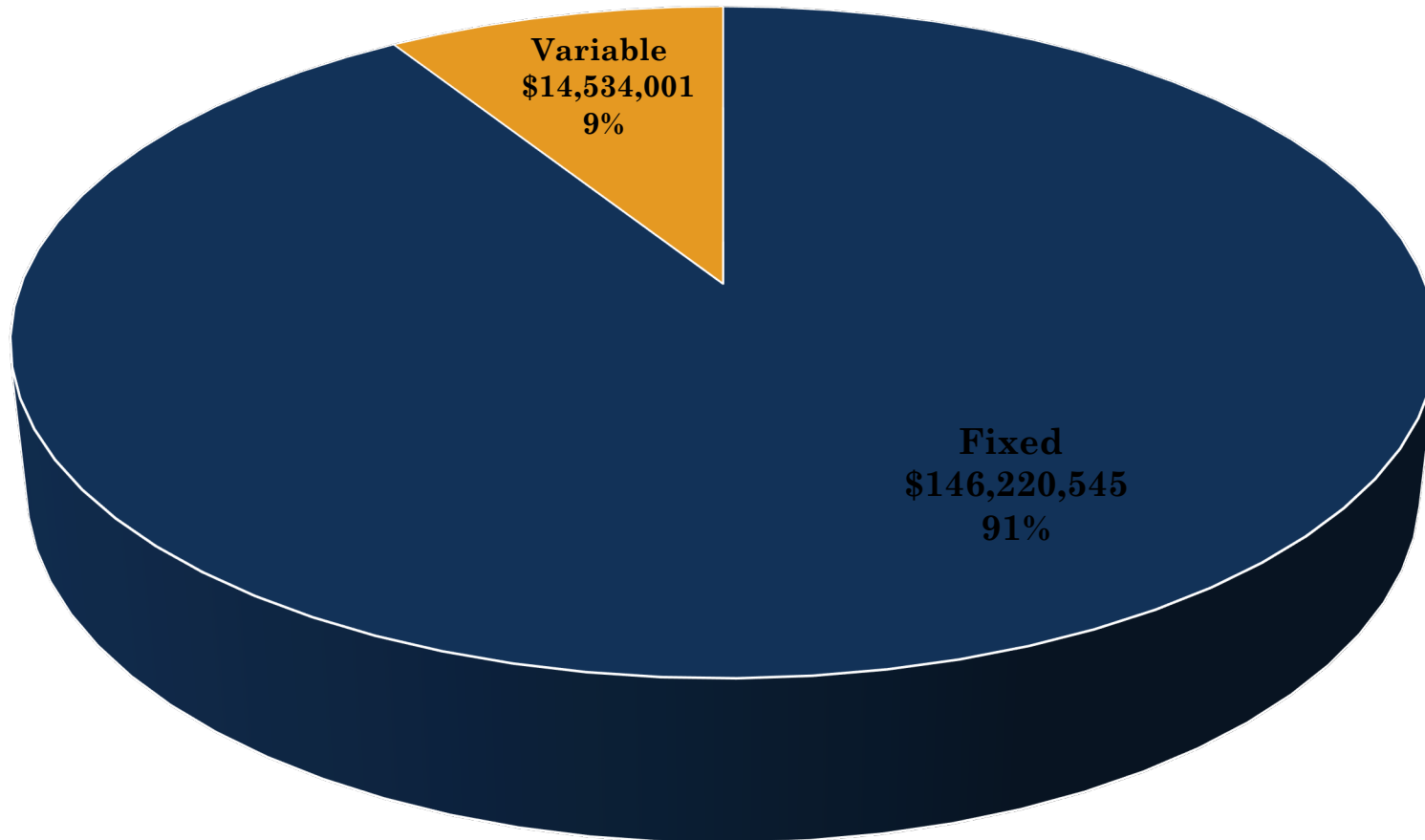
Schedule of Principal Payments Morristown Utilities



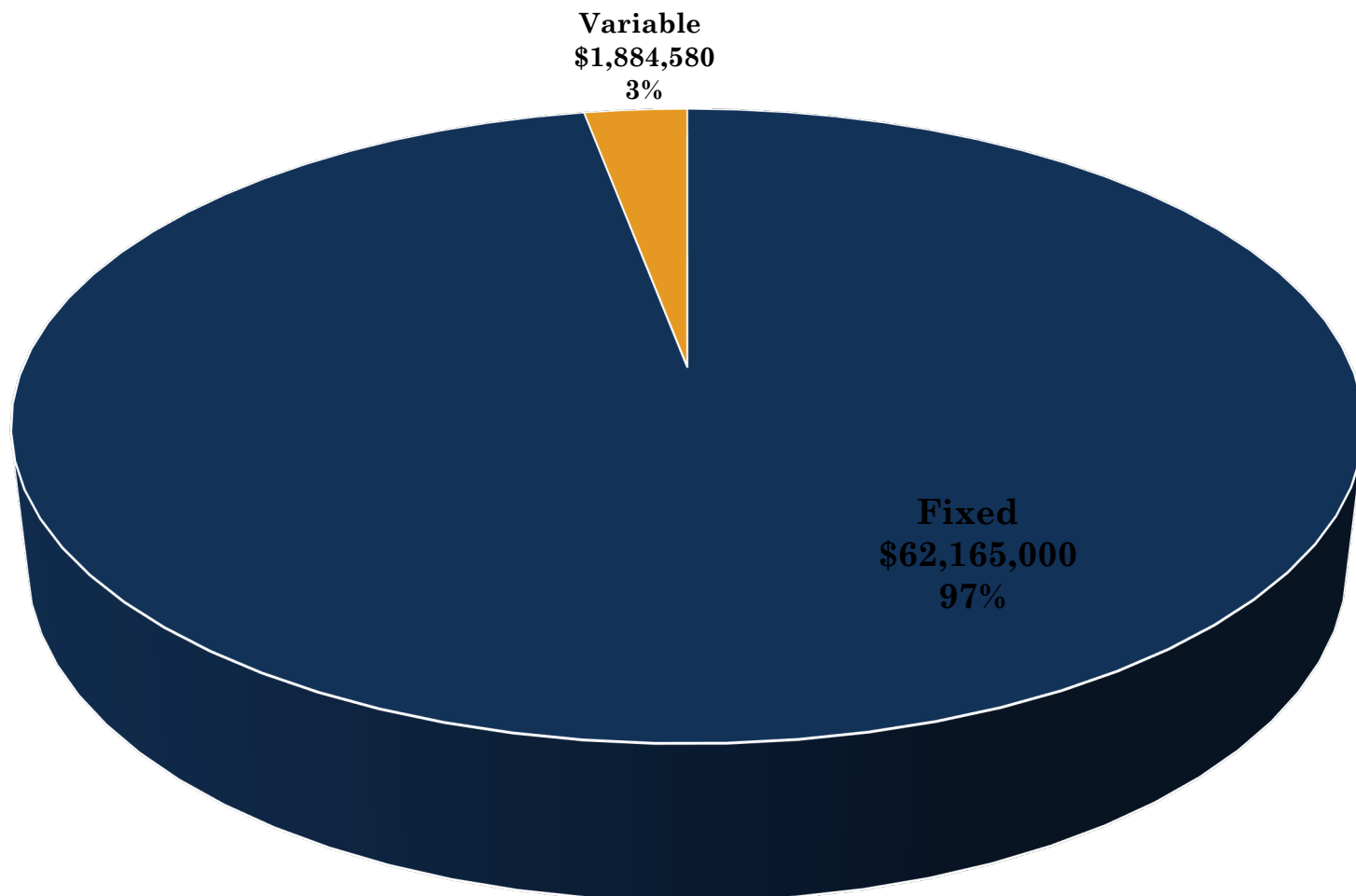
City of Morristown to Morristown Utilities Percentage
Total Outstanding Debt \$160,754,546



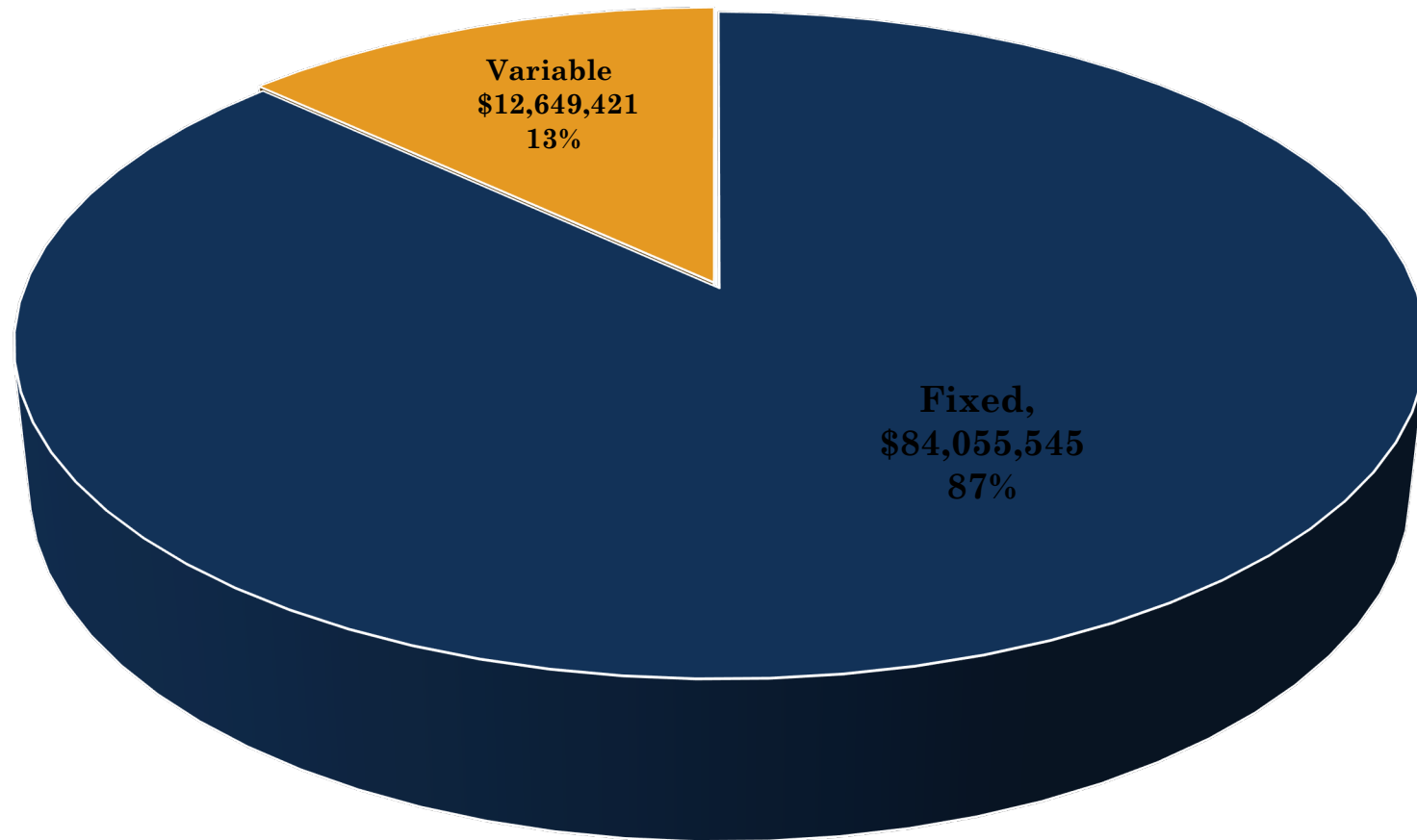
Debt Portfolio Ratios
Government Wide
Total Outstanding Debt \$160,754,546



Debt Portfolio Ratios
City of Morristown Only
Total Outstanding Debt \$64,049,580



Debt Portfolio Ratios
Morristown Utilities
Total Outstanding Debt \$96,704,966



July 28, 2021

City of Morristown
100 West First North Street
Morristown, TN 37814
Attention: Mr. Anthony Cox, City Administrator

Re: ***US\$30,140,000 City of Morristown, Tennessee, General Obligation Refunding Bonds, Series 2021A, dated: Date of delivery, due: March 01, 2037***

Dear Mr. Cox:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AA-". S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

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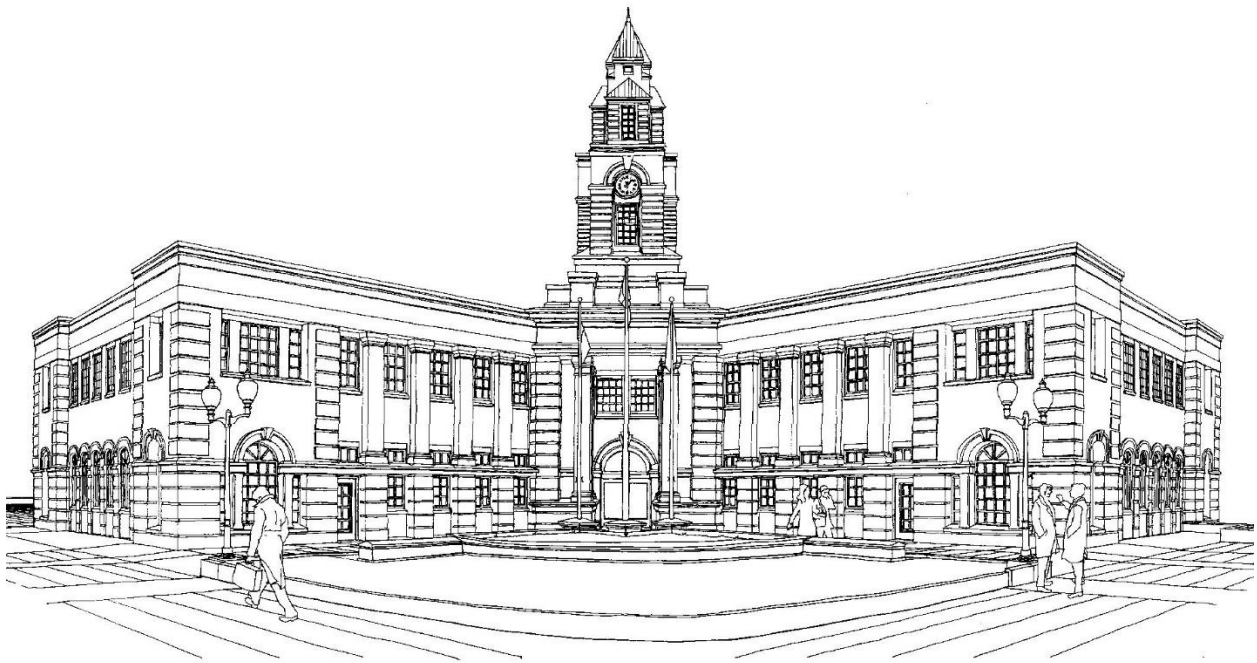
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CITY OF MORRISTOWN TENNESSEE

Debt Management Policy



Revised and Adopted: October 15, 2019

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INTRODUCTION

This Debt Management Policy (the “Debt Policy”) provides written guidance with parameters that affect the amount and type of debt that can be issued by the City of Morristown, Tennessee (the “City”), the issuance process and the management of the City’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. The City of Morristown’s intent of this Debt Policy will signal to credit rating agencies, investors and the capital markets that the City 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 (the “State”) regarding the adoption of a formal debt management policy.

This Debt Policy provides guidelines for the City 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.

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

1. Achieve the lowest cost of capital within acceptable risk parameters
2. Maintain or improve credit ratings
3. Assure reasonable cost access to the capital markets
4. Preserve financial and management flexibility
5. Manage interest rate risk exposure within acceptable risk parameters

This Debt Policy supports the City of Morristown’s Council (the “Council”) desire to illustrate its commitment to sound financial management. Council may bi-annually or as circumstances, rules and regulation warrant, review this Debt Policy and make revisions and updates.

City of Morristown, Tennessee
DEBT MANAGEMENT POLICY

I. GOALS AND OBJECTIVES

Council is establishing debt policies and procedures as tools to ensure that financial resources are adequate to meet the City's long-term capital needs. In addition, the Debt Policy helps to ensure that financings undertaken by the City have certain clear, objective standards, designed to protect the City's financial resources in order to meet long-term capital needs.

The Debt Policy formally establishes parameters for issuing debt and managing a debt portfolio which considers the City's specific capital improvement needs; ability to repay financial obligations; and, existing legal, economic, and financial market conditions.

A. The Goals of this Debt Policy are:

1. To provide management with appropriate guidelines and direction to assist in making sound debt management decisions.
2. To further demonstrate strong financial management practices for our citizens, taxpayers, rate payers, businesses, investors, and other interested parties.

B. The Objectives of this Debt Policy are:

1. To enhance the decision process through transparency;
2. To guide the City in policy and debt issuance decisions;
3. To maintain appropriate capital assets for present and future needs;
4. To promote sound financial management;
5. To protect the City's credit rating;
6. To ensure the City's debt is issued legally under applicable state and federal laws;
7. To promote cooperation and coordination with other parties in the financing;
8. To evaluate debt issuance options.

II. PROCEDURES FOR ISSUANCE OF DEBT

A. Authority

1. The City 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").

2. The City will adhere to any lawfully promulgated rules and regulations of the State and those promulgated under the Code.
3. All Debt must be formally authorized by resolution of Council.

B. Transparency

1. 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 or prior to issuance and/or following issuance.

The debt service schedule outlining the rate of retirement for the principal amount of Debt, all costs (including principal, interest, issuance, one-time, continuing and ongoing, including any portion of the interest rate going to a third-party), terms and life of all Debt shall be clearly presented and disclosed to the citizens, Council, and other stakeholders in a timely manner.

The City, in conjunction with any professionals (including, but not limited to, financial advisors, underwriters, bond counsel, etc. who 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 City related to consideration and approval of Debt.

Additionally, the City shall provide the Tennessee Comptroller's office sufficient information on the Debt to not only allow for transparency regarding the issuance, but also assure 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 City will also make this information available to its Council, citizens and other interested parties.

2. The City will file Audited Financial Statements and any Continuing Disclosure document prepared by the City or the Dissemination Agent. To promote transparency and understanding, these documents should be furnished to members of Council and made available electronically or by other usual and customary means to the citizens, taxpayers, rate

payers, businesses, investors and other interested parties by posting such information on-line or in other prominent places.

3. Annual Debt Budgets shall be adopted by Council and comply with the legal notice and filing requirements as promulgated by TCA. Additionally, the City Administrator and/or his/her designee will present an Annual Debt Report in conjunction with the Annual Debt Budget. The Annual Debt Report shall consist of, but not be limited to, the following:
 - a. Schedule of Outstanding Debt and Schedule of Budgeted Debt Payments and any additional schedules, as required by the Tennessee Comptroller of the Treasury;
 - b. Debt Per Capita Ratio (total debt/population);
 - c. Debt to Assessed Property Value (total debt/assessed property value);
 - d. Documentation of the most recent debt rating(s) as available;
 - e. Percentage of fixed versus variable rate debt;
 - f. Multi-year budgets that include current debt costs of principal, interest, and other annual costs.

III. CREDIT QUALITY AND CREDIT ENHANCEMENT

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

The City 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 City will consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

A. Insurance

The City 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.

B. Letters of Credit

The City may enter into a letter-of-credit (“LOC”) agreement when such an agreement is deemed prudent and advantageous. The City 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 City.

IV. AFFORDABILITY

The City 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 City 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. The City will limit total outstanding principal on Debt to 10% of the Assessed Value of the City, excluding overlapping, enterprise, revenue and any other self-supporting debt.

V. DEBT STRUCTURE

The City 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 City, the following shall serve as the Debt Policy for determining structure:

A. 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 City 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 thirty (30) years, unless as otherwise outlined in TCA (e.g. federally sponsored loans or Balloon Debt, which requires prior Comptroller approval and permission).

B. Debt Service Structure

General Obligation debt issuance shall be planned to achieve relatively net level debt service or level principal amortization considering the City's

outstanding debt obligations, while matching debt service to the useful economic life of facilities. Absent events or circumstances determined by Council, the City shall avoid the use of bullet or balloon maturities (with the exception of sinking fund requirements required by term bonds) except in those instances where such maturities serve to make existing overall debt service level or match specific income streams. 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.

C. Call Provisions

Fixed Rate Debt – In general, the City's Debt should include a call feature no later than ten (10) years from the date of delivery of the Debt when issuing Fixed Rate Debt

Variable Rate Debt (including variable rate debt with rate lock features) – Must be redeemable at par at any time, with a maximum of 30 days' notice.

The City will avoid the sale of long-term debt which carries longer redemption features unless a careful evaluation has been conducted by the City Administrator and the Assistant City Administrator for Finance and Administration and/or Financial Professionals, if any, with respect to the value of the call option.

Additionally, the City will not issue any debt, or enter into any debt and/or loan agreement, that cannot be redeemed and/or prepaid with a notice requirement of 30 days or less in order to ensure the City does not create an advance refunding, which is not allowable under current tax regulations.

D. Original Issuance Discount/Premium

Debt with original issuance discount/premium will be permitted.

E. Deep Discount Bonds

Deep discount debt may provide a lower cost of borrowing in certain capital markets. The City Administrator and the Assistant City Administrator for Finance and Administration 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.

VI. DEBT TYPES

All financing shall be approved by Council and, as required, the Tennessee Comptroller of the Treasury within the legal guidelines of TCA, the Code, and regulations promulgated by the Comptroller's Office. Additionally, all financing shall be reviewed by the City Attorney, or legal bond counsel may be hired to ensure compliance with TCA. When the City determines that Debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

A. Security Structure

1. General Obligation Bonds

The City 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. In order for any revenue supported or enterprise fund Debt to be considered eligible to be issued General Obligation Debt, it must first be determined that the populations served by the projects financed from the Debt proceeds overlap or significantly are the same as the property tax base of the City. Any previously issued General Obligation Debt may also be refunded using General Obligation Debt.

2. Revenue Debt

The City 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.

3. Leases

The City may use leases to finance projects assuming the City Administrator and the Assistant City Administrator for Finance and Administration and/or Financial Professionals, if any, determine that such an instrument is more economically feasible than purchasing the

asset. The term of the lease shall not exceed the economic life of the asset.

B. Duration

1. Long-Term Debt

The City may issue long-term debt when it is deemed that capital improvements, and all costs associated with 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. As indicated within this policy, the costs associated with the issuance of this debt will be disclosed to ensure compliance with this policy and to address potential conflicts of interest. The following summarizes but does not limit the types of long-term debt that may be issued:

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

2. Short-Term Debt

Short-term borrowing may be utilized for:

- a. Financing short economic life assets;
- b. The construction period of a long-term projects;
- c. For interim financing; or
- d. For the temporary funding of operational cash flow deficits or anticipated revenues subject to the following policies:

1. *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.
2. *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.
3. *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.
4. *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.
5. *Other Short-Term Debt*. Other Short-term debt including commercial paper notes, BANs, 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 City will determine and utilize the most advantageous method for short-term borrowing. The City may issue short-term debt when there is a defined repayment source or amortization of principal.

C. Interest Rate Modes

1. Fixed Rate Debt

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

2. 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 25% of the City's total outstanding debt and will take into consideration the amount and investment strategy of the City's operating cash. Any debt or loan obligation whose rate is subject to change at any point over the life of the loan is considered variable rate debt.

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

- a. *Asset-Liability Matching*;
- b. *Construction Period Funding*;
- c. *High Fixed Interest Rates*. Interest rates are above historic averages;
- d. *Diversification of Debt Portfolio*;
- e. *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
- f. *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 City's General Fund.

The City recognizes the value of variable rate debt obligations and that cities have greatly benefitted from the use of variable rate debt in the financing of needed infrastructure and capital improvements.

However, the City also recognizes there are inherent risks associated with the use of variable rate debt and will implement steps to mitigate these risks; including:

1. Prior to entering into any variable rate debt obligation:
 - a. If the Debt is backed or supported by insurance and/or secured by a liquidity provider or letter of credit provider, Council shall be informed of the potential effect on rates as well as any additional costs that might be incurred should the insurance,

liquidity facility or letter of credit facility, or their providers, fail.

- b. Council will be informed of any terms, conditions, upfront fees, on-going fees, referral fees paid from the interest rate to another party (e.g. marketer or third-party solicitor) or any other costs associated with the variable rate debt obligations.

2. The City shall:

- a. Annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration.
- b. Not enter into any variable rate debt obligation that cannot be redeemed at par at any time, with a maximum of 30 days' notice.
- c. When entering into any variable rate debt obligation that is subject to an initial fixed rate lock period great than one (1) year require Council action. It must be fully disclosed to Council that it is variable rate debt and subject to a rate reset at a future date.
- d. Consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any variable rate debt obligation.

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

D. Zero-Coupon Debt

Zero-Coupon Debt as allowed under TCA may be used if an analysis has been conducted by the City Administrator and Assistant City Administrator for Finance and Administration 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 Council.

E) Synthetic Debt

The City **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 Council. Additionally, prior to any consideration of such instruments a written management report outlining the potential benefits and consequences and use of these instruments must be submitted to Council.

VII. REFINANCING OUTSTANDING DEBT

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

A. Onerous Restrictions

Debt may be refinanced to eliminate onerous or restrictive covenants contained in existing debt documents, or to take advantage of changing financial conditions or interest rates.

B. Debt Service Savings

Absent other compelling considerations such as the opportunity to eliminate onerous or restrictive covenants contained in existing debt documents, the City has established a minimum net present value savings threshold of at least three percent (3%) of the refunded debt principal amount on advanced refundings. Current refunding opportunities may be considered by the City using any savings threshold if the refunding generates positive net present value savings.

C. Restructuring for economic purposes

The City may also refund Debt when it is in the best financial interest to do so. Such a refunding will be limited to restructuring to meet realistic 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 Council at its discretion.

D. Term of Refunding Issues

Normally, the City will refund Debt equal to or within its existing term. However, the City Administrator and the Assistant City Administrator for Finance and Administration may consider maturity extension, when necessary to achieve desired outcomes. Should it be determined that extending the maturity is advantageous a recommendation for consideration will be presented provided that such extension is legally permissible, and it is approved by Council. The City Administrator and Assistant City Administrator for Finance and Administration 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 inter-generational equity should guide these decisions.

E. Escrow Structuring

The City 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 City Administrator and Assistant City Administrator for Finance and Administration, 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 Finance Professionals sell escrow securities involving tax-exempt debt to the City from their own account.

F. Arbitrage

The City 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. The City shall consult with persons familiar with the arbitrage rules to determine applicability, legal responsibility, and potential consequences associated with any refunding.

VIII. METHODS OF ISSUANCE

The City Administrator and Assistant City Administrator for Finance and Administration may consult with a Finance Professional regarding the method of sale of debt. Subject to approval by Council, the City Administrator and Assistant City Administrator for Finance and Administration will determine the method of issuance of debt on a case-by-case basis consistent with the options provided by prevailing State law.

A. Competitive Sale

In a competitive sale, the City'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 (TIC) 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.

B. Negotiated Sale

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

1. State requirements on negotiated sales;
2. 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;
3. Size or structure of the issue which may limit the number of potential bidders;
4. Market conditions including volatility wherein the City 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;
5. Whether the Debt is to be issued as variable rate obligations or perhaps as Zero-Coupon Debt;
6. Whether an idea or financing structure is a proprietary product of a single firm;

7. In a publicly offered, negotiated sale, a financial advisor, if any, shall not be permitted to resign as the financial advisor in order to underwrite an issue for which they are or have been providing advisory services;
8. If there is no financial advisor, then 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 Council (or its designated official) in advance of the pricing of the debt.

C. Private Placement

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

IX. PROFESSIONALS

A. Financial Professionals

The City may select Financial Professionals to assist in debt issuance and administration processes on an as needed basis. The need to hire Financial Professionals will be evaluated by the City Administrator and Assistant City Administrator for Finance and Administration. Should it be determined that the services of Financial Professionals are needed, a recommendation will be made to Council for their consideration for approval. Selection of Financial Professionals will be based on, but not limited to, the following criteria:

1. Relevant experience with municipal government issuers and the public sector;
2. Indication that the firm has a broadly-based background and is therefore, capable of balancing the City's overall needs for continuity and innovation in capital planning and debt financing;
3. Experience and demonstrated success as indicated by their experience;
4. The firm's professional reputation;
5. Professional qualifications and experience of principal employees;
6. Whether the firm is a regulated entity, and
7. Estimated costs, but price should not be the sole determining factor.

B. Miscellaneous

1. Written Agreements

- a. Any Financial Professionals engaged by the City 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.
- b. The City shall enter into an engagement letter agreement with each lawyer or law firm representing the City in a debt transaction. No engagement letter is required for any lawyer who is an employee of the City or lawyer or law firm which is under a general appointment or contract to serve as counsel to the City. The City does not need an engagement letter with counsel not representing the City, such as underwriters' counsel.
- c. The City 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 City and the lender or conduit issuer, if any. This includes "soft" costs or compensations in lieu of direct payments.
- d. Financial Advisor: If the City chooses to hire financial advisors, the City will enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions. Whether in a competitive or negotiated sale, the Financial Advisor will not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance.
- e. Underwriter: If there is an Underwriter, the City will require the Underwriter to clearly identify itself in writing (*e.g.*, in a response to a request for proposals or in promotional materials provided to an issuer) as an Underwriter and not as a Financial Advisor from the earliest stages of its relationship with the City with respect to that 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 City. The Underwriter in a publicly offered, negotiated sale will be required to provide pricing information both as to interest rates and to takedown per maturity to the governing body in advance of the pricing of the debt.

2. Conflict of Interest

- a. Financial Professionals involved in a debt transaction hired or compensated by the City shall be required to disclose to the City 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, liquidity or credit enhancement provider, 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 City to appreciate the significance of the relationships.
- b. 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.

X. COMPLIANCE

A. Continuing Annual Disclosure

Normally at the time Debt is delivered, the City 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 City by no later than twelve months after each of the City'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 City 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 City 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").

B. Arbitrage Rebate

The City shall also maintain a system of record keeping and reporting which complies with the arbitrage rebate compliance requirements of the Internal Revenue Code (the “Code”).

C. Records

The City shall 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.

XI. DEBT POLICY REVIEW

A. General Guidance

The guidelines outlined herein are only intended to provide general direction regarding the future issuance of debt. The City 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 City as long as such exceptions or changes are consistent with TCA and any rules and regulations promulgated by the State and/or the Code.

This Debt Policy should be reviewed bi-annually or as circumstances, rules and regulations warrant.

B. Designated Official

The City Administrator and Assistant City Administrator for Finance and Administration are responsible for ensuring substantial compliance with this Debt Policy.

GLOSSARY

Advance Refunding, for purposes of certain tax and securities laws and regulations, means a refunding in which the refunded issue remains outstanding for a period of more than 90 days after the issuance of the refunding issue. Typically, such refunded bonds are secured solely by an escrow funded with the proceeds of the refunding bonds. The proceeds of the refunding issue are generally invested in Treasury securities or federal agency securities (although other instruments are sometimes used), with principal and interest from these investments being used (with limited exceptions) to pay principal and interest on the refunded issue. Bonds are “escrowed to maturity” when the proceeds of the refunding issue are deposited in an escrow account for investment in an amount sufficient to pay the principal of and interest on the issue being refunded on the original interest payment and maturity dates, although in some cases an issuer may expressly reserve its right (pursuant to certain procedures delineated by the SEC) to exercise an early call of bonds that have been escrowed to maturity. Bonds are considered “prerefunded” when the refunding issue’s proceeds are escrowed only until a call date or dates on the refunded issue, with the refunded issue redeemed at that time. The Internal Revenue Code and regulations thereunder restrict the yield that may be earned on investment of the proceeds of an advance refunding issue.

Advisor means an individual or firm with a deep knowledge in a specific area, engaged in the business of advising others.

Arbitrage, in respect to the issuance of municipal securities, usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the tax-exempt bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn arbitrage in connection with tax-exempt bonds or other federally tax-advantaged bonds

Backloading refers to the structuring of the debt service to be less in the short term and more in the long term.

Bank Qualified (BQ) is a designation given to a public purpose bond offering by the issuer if it reasonably expects to issue in the calendar year of such offering no more than \$10 million (\$30 million for bonds issued in 2009-2010) of bonds of the type required to be included in making such calculation under the Internal Revenue Code. When purchased by a commercial bank for its portfolio, the bank may deduct a portion of the interest cost of carry for the position. A bond that is bank qualified is also known as a “qualified tax-exempt obligation.”

Bond Counsel plays the role to render a legal opinion on the municipality's authority to issue bonds and, if so, if the bond is exempt from federal and state taxes.

Call Date is the date on which bonds may be called for redemption as specified by the bond contract.

Call Feature (or Call Provision) of a bond grants the issuer the right to retire the debt, fully or partially, before the scheduled maturity date. Inclusion of a call feature benefits bond issuers by allowing them to replace an old bond issue with a lower-interest cost issue if interest rates in the market fall.

Continuing Disclosure means the disclosure of material information relating to municipal securities provided to the marketplace by the issuer of the securities or any other entity obligated with respect to the securities after the initial issuance of municipal securities. Such disclosures include, but are not limited to, annual financial information, certain operating information and notices about specified events affecting the issuer, the obligor, the municipal securities or the project financed. Such disclosures are required to be provided by the issuer or obligor to the MSRB's EMMA system for the benefit of bondholders of the issuer's securities under continuing disclosure agreements entered into as contemplated under SEC Rule 15c2-12 or on a voluntary basis.

Coupon or Coupon Rate is the periodic rate of interest, usually calculated as an annual rate payable on a security expressed as a percentage of the principal amount. The coupon rate does not take into account any discount or premium in the purchase price of the security.

Current Refunding is a refunding transaction where the municipal securities being refunded will all mature or be redeemed within 90 days or less from the date of issuance of the refunding issue. Certain federal income tax rules relating to permitted yields of invested proceeds of the refunding issue, rebate of arbitrage earnings and the ability to refund certain types of municipal securities may be less restrictive in the case of current refundings as contrasted with advance refundings.

Counterparty means the other party or participant in an agreement or contract.

Debt Service means a series of payments including interest (the amount or fee earned or paid for use of money or credit, calculated on the amount of principal) and principal (the amount of money borrowed, or credit provided) required on a debt over time. The rate of interest can be variable or fixed.

Discount Bond is a bond that is purchased for less than its par value or compound accreted value. This occurs when bonds are issued for an amount below the par value due to the market interest rate (yield) exceeding the interest rate (coupon) on the bond.

Electronic Municipal Mark Access (EMMA®) System is a centralized online source for free access to municipal disclosures, market transparency data and educational materials about the municipal securities market operated by the MSRB. Among other things, EMMA serves as the official source for official statements and other primary market disclosure documents for new issues of municipal securities as well as the official source for continuing disclosures for outstanding issues of municipal securities for which the issuer or obligated person has entered into a continuing disclosure agreement as contemplated under SEC Rule 15c2-12.

Fiscal Agent is usually a bank or trust company that handles bonds for a municipality, usually throughout the life of the debt.

Frontloading refers to the structuring of the debt service to be more in the short period and less in the long term.

General Obligation Bonds refer to bonds that are payable from general funds of the issuer. In Tennessee, general obligation bonds entail the full faith and credit (and taxing power) of the issuer. General obligation bonds are payable from (and in some cases solely from) the City's ad valorem taxes.

Hedge is to take a position in one market in an attempt to offset exposure to the price risk of an equal but opposite obligation or position in another market.

Issuance Costs are the fees and expenses of professionals and service providers and other similar fees and expenses, whether or not payable at the time the debt is incurred. "Costs" also means recurring and nonrecurring fees and expenses during the life of the debt. [whether paid directly by the City or indirectly by the lending institution as part of the interest cost]

Letter of Credit is an irrevocable commitment, usually made by a commercial bank, to honor demands for payment of a debt upon compliance with conditions and/or the occurrence of certain events specified under the terms of the letter of credit and any associated reimbursement agreement. A letter of credit is frequently used to provide credit and liquidity support for variable rate demand obligations and other types of securities.

Level Debt Service is a debt service schedule in which the combined annual amount of principal and interest payments remains relatively constant over the life of the issue of bonds.

Level Principal is a debt service schedule in which the annual amount of principal payments remains relatively constant over the life of the issue of bonds, resulting in declining annual debt service as the annual amount of interest payments declines. This is sometimes referred to as "declining debt service."

Line of Credit is an arrangement between a financial institution, usually a bank, and a customer that establishes a maximum loan balance that the bank will permit the borrower to maintain.

Premium is the amount by which the price paid for a security exceeds the security's par value. This occurs when bonds are issued for an amount greater than the par value due to the bonds having an interest rate (coupon rate) higher than the market interest rate (yield).

Price is the amount to be paid for a bond, usually expressed as a percentage of par value but also sometimes expressed as the yield that the purchaser will realize based on the dollar amount paid for the bond. The price of a municipal security moves inversely to the yield.

Refunding is a procedure whereby an issuer refinances outstanding bonds by issuing new bonds. There are generally two major reasons for refunding: to reduce the issuer's interest costs or to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited in escrow to pay the debt service on the outstanding bonds when due in an "advance refunding" or used to promptly (typically within 90 days) retire the outstanding bonds in a "current refunding." The new bonds are referred to as the "refunding bonds," and the outstanding bonds being refinanced are referred to as the "refunded bonds" or the "prior issue." Generally, refunded bonds are not considered a part of the issuer's debt because the lien of the holders of the refunded bonds, in the first instance, is on the escrowed funds, not on the originally pledged source of revenues.

Revenue Bond is a debt instrument that is issued with the intent to be repaid from a stream of revenue that is produced by the project that the debt funded.

Serial Bonds are bonds of an issue that mature in consecutive years or other intervals and are not subject to mandatory sinking fund provisions.

Term Bond is a bond that comes due in a single maturity whereby the issuer may agree to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

Underwriter is a municipal securities dealer that purchases a new issue of municipal securities from the issuer for resale in a primary offering. The underwriter may acquire the securities either by negotiation with the issuer or by award on the basis of competitive bidding.

Yield is the annual rate of return on an investment, based on the purchase price of the investment, its coupon rate and the length of time the investment is held. The yield of a municipal security moves inversely to the price.