



Annual Debt Report

For the Year Ending
June 30, 2021

Anthony W. Cox
City Administrator

City of Morristown, Tennessee
Annual Debt Report for the Fiscal Year Ending June 30, 2021
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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 17, 2021
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, 2021. 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 the accountability. We must and will ensure that taxpayers' dollars are properly expended.

The City of Morristown received a rating of Aa3 from Moody's Investors 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 2021-2022 budget. It is imperative that the City of Morristown continues to exercise strong financial management practices.

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, 2021

Description of Indebtedness		Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07-01-2020	Issued During the Period	Paid and/or Matured During Period	Outstanding 06-30-2021
<u>PRIMARY GOVERNMENT</u>									
<u>GENERAL FUND</u>									
Capital Outlay Note, Series 2011	\$	4,000,000	2.06%	11-08-2011	10-01-2023	\$ 1,237,500	\$ -	\$ 309,375	\$ 928,125
Tennessee Local Government Loan Program Series 2009		5,000,000	Variable ¹	12-21-2009	12-01-2034	1,950,177	-	106,206	1,843,971
Bonds Payable - Series 2017 GOB		9,710,000	3% to 3.75%	03-30-2017	06-01-2042	8,775,000	-	285,000	8,490,000
Bonds Payable - Series 2018 GOB		64,325,000	3% to 5%	10-24-2018	06-01-2042	17,185,000	-	1,100,000	16,085,000
Bonds Payable- Series 2019B GOB		37,250,000	2.5% to 5%	12-02-2019	06-01-2049	37,250,000	-	870,000	36,380,000
Total Payable Through General Fund						<u>\$ 66,397,677</u>	<u>\$ -</u>	<u>\$ 2,670,581</u>	<u>\$ 63,727,096</u>
<u>SOLID WASTE FUND</u>									
Capital Outlay Note, Series 2011	\$	4,000,000	2.06%	11-08-2011	10-01-2023	\$ 82,500	\$ -	\$ 20,625	\$ 61,875
Tennessee Local Government Loan Program Series 2009		5,000,000	Variable ¹	12-21-2009	12-01-2034	110,626	-	5,203	105,423
Total Payable Through Solid Waste Fund						<u>\$ 193,126</u>	<u>\$ -</u>	<u>\$ 25,828</u>	<u>\$ 167,298</u>
<u>STORM WATER FUND</u>									
Tennessee Local Government Loan Program Series 2009	\$	5,000,000	Variable ¹	12-21-2009	12-01-2034	\$ 55,715	\$ -	\$ 3,014	\$ 52,701
Bonds Payable - Series 2012 GOB		31,000,000	2% to 4%	05-30-2012	10-01-2036	3,538,146	-	208,883	3,329,263
Total Payable Through Storm Water Fund						<u>\$ 3,593,861</u>	<u>\$ -</u>	<u>\$ 211,897</u>	<u>\$ 3,381,964</u>
Total Payable Through City of Morristown						<u>\$ 70,184,664</u>	<u>\$ -</u>	<u>\$ 2,908,306</u>	<u>\$ 67,276,358</u>
Total Payable Through Morristown Utilities						<u>\$ 107,089,352</u>	<u>\$ -</u>	<u>\$ 7,676,246</u>	<u>\$ 99,413,106</u>
TOTAL DEBT - CITY OF MORRISTOWN GOVERNMENT WIDE						<u>\$ 177,274,016</u>	<u>\$ -</u>	<u>\$ 10,584,552</u>	<u>\$ 166,689,464</u>

(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 07-01-2020	Issued During the Period	Paid and/or Matured During Period	Outstanding 06-30-2021
<u>MORRISTOWN UTILITIES COMMISSION</u>								
<u>WASTEWATER SYSTEM</u>								
Notes Payable - 2007 CWSRF Promissory Note	\$ 12,500,000	2.06%	05-15-2007	01-20-2032	\$ 6,248,989	\$ -	\$ 482,496	\$ 5,766,493
Notes Payable - 2009 CWSRF Promissory Note	5,000,000	2.73%	05-02-2011	10-20-2032	879,487	-	60,804	818,683
Notes Payable - 2013 CWSRF Promissory Note	5,000,000	1.51%	03-27-2013	06-20-2036	4,059,989	-	230,076	3,829,913
Notes Payable - 2009 Promissory Note	5,000,000	Variable ¹	12-21-2009	12-01-2034	1,305,483	-	70,577	1,234,906
Notes Payable - 2015 Promissory Note	10,000,000	Variable ²	08-31-2015	08-01-2035	8,730,000	-	426,000	8,304,000
Notes Payable - 2016 Promissory Note	15,060,000	2.27%	12-23-2016	12-01-2024	3,246,000	-	643,000	2,603,000
Bonds Payable - Series 2012 GOB	31,000,000	2% to 4%	05-30-2012	10-01-2036	18,395,500	-	1,086,117	17,309,383
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	8,765,000	-	920,000	7,845,000
Bonds Payable - Series 2019 GOB - Refunding	12,775,000	3% to 5%	06-28-2019	09-01-2034	12,775,000	-	875,000	11,900,000
Total Payable Through Wastewater System					\$ 74,465,448	\$ -	\$ 4,794,070	\$ 69,671,378
<u>POWER SYSTEM</u>								
Bonds Payable - Series 2018 GOB	\$ 64,325,000	3% to 5%	10-24-2018	06-01-2038	\$ 4,115,000	\$ -	\$ 155,000	\$ 3,960,000
Bonds Payable - Series 2018 GOB - Refunding	64,325,000	3% to 5%	10-24-2018	06-01-2035	14,625,000	-	965,000	13,660,000
Total Payable Through Power System					\$ 18,740,000	\$ -	\$ 1,120,000	\$ 17,620,000
<u>WATER SYSTEM</u>								
Notes Payable - 2002 DWSRF Promissory Note	\$ 10,492,582	2.61%	08-09-2001	04-30-2026	\$ 3,658,857	\$ -	\$ 588,537	\$ 3,070,320
Notes Payable - 2009 Promissory Note	7,500,000	Variable ³	12-21-2009	12-01-2029	4,385,000	-	375,000	4,010,000
Notes Payable - 2011 DWSRF Promissory Note	2,000,000	2.83%	09-03-2009	06-30-2032	799,320	-	56,760	742,560
Total Payable Through Water System					\$ 8,843,177	\$ -	\$ 1,020,297	\$ 7,822,880
<u>BROADBAND SYSTEM</u>								
Capital Lease	\$ 293,664	5.321%	05-01-2019	05-01-2025	\$ 242,727	\$ -	\$ 49,879	\$ 192,848
Notes Payable - 2014 Promissory Note	1,000,000	2.59%	06-26-2014	06-01-2024	474,000	-	114,000	360,000
Notes Payable - 2016 Promissory Note	2,000,000	2.00%	12-23-2016	12-01-2021	824,000	-	408,000	416,000
Bonds Payable - Series 2018 GOB - Refunding	64,325,000	3% to 5%	10-24-2018	06-01-2035	3,500,000	-	170,000	3,330,000
Total Payable Through Broadband System					\$ 5,040,727	\$ -	\$ 741,879	\$ 4,298,848
Total Payable Through Morristown Utilities					\$ 107,089,352	\$ -	\$ 7,676,246	\$ 99,413,106

(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 6/30/2021 \$1,407,000

City of Morristown, Tennessee
Annual Debt Report
Percentage of Debt - City of Morristown and Morristown Utilities
For the Year Ended June 30, 2021

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>CAPITAL LEASES</u>					
<u>Payable through Broadband System</u> Capital Lease	0.00 %	100.00 %	\$ -	\$ 192,848	\$ 192,848
Total Capital Leases	0.00	100.00	<u>\$ -</u>	<u>\$ 192,848</u>	<u>\$ 192,848</u>
 <u>CAPITAL OUTLAY NOTES:</u>					
<u>Payable through City of Morristown General Fund</u> Capital Outlay Note, Series 2011	93.75	0.00	<u>\$ 928,125</u>	<u>\$ -</u>	<u>\$ 928,125</u>
<u>Payable through City of Morristown Solid Waste Fund</u> Capital Outlay Note, Series 2011	6.25	0.00	<u>\$ 61,875</u>	<u>\$ -</u>	<u>\$ 61,875</u>
Total Capital Outlay Notes	100.00	0.00	<u>\$ 990,000</u>	<u>\$ -</u>	<u>\$ 990,000</u>
 <u>OTHER LOANS:</u>					
<u>Payable through City of Morristown General Fund</u> Tennessee Local Government Loan Program, Series 2009	56.96	0.00	<u>\$ 1,843,971</u>	<u>\$ -</u>	<u>\$ 1,843,971</u>
<u>Payable through City of Morristown Solid Waste Fund</u> Tennessee Local Government Loan Program, Series 2009	3.26	0.00	<u>\$ 105,423</u>	<u>\$ -</u>	<u>\$ 105,423</u>
<u>Payable through City of Morristown Storm Water Fund</u> Tennessee Local Government Loan Program, Series 2009	1.63	0.00	<u>\$ 52,701</u>	<u>\$ -</u>	<u>\$ 52,701</u>

City of Morristown, Tennessee
Annual Debt Report
Percentage of Debt - City of Morristown and Morristown Utilities
For the Year Ended June 30, 2021

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>					
2007 CWSRF Promissory Note	0.00	100.00	\$ -	\$ 5,766,493	\$ 5,766,493
2009 CWSRF Promissory Note	0.00	100.00	-	818,683	818,683
Tennessee Local Government Loan Program, Series 2009	0.00 %	38.15 %	-	1,234,906	1,234,906
2013 CWSRF Promissory Note	0.00	100.00	-	3,829,913	3,829,913
Tennessee Local Government Loan Program, Series 2015	0.00	100.00	-	8,304,000	8,304,000
2016 Promissory Note	0.00	100.00	-	2,603,000	2,603,000
Total Payable Through Wastewater System			\$ -	\$ 22,556,995	\$ 22,556,995
<u>Payable through Water System</u>					
2002 DWSRF Promissory Note	0.00	100.00	\$ -	\$ 3,070,320	\$ 3,070,320
2009 Promissory Note	0.00	100.00	-	4,010,000	4,010,000
2011 DWSRF Promissory Note	0.00	100.00	-	742,560	742,560
Total Payable Through Wastewater System			\$ -	\$ 7,822,880	\$ 7,822,880
<u>Payable through Broadband System</u>					
2014 Promissory Note	0.00	100.00	\$ -	\$ 360,000	\$ 360,000
2016 Promissory Note	0.00	100.00	-	416,000	416,000
Total Payable Through Broadband System			\$ -	\$ 776,000	\$ 776,000
Total Other Loans Payable	5.72	94.28	\$ 2,002,095	\$ 31,155,875	\$ 33,157,970

City of Morristown, Tennessee
Annual Debt Report
Percentage of Debt - City of Morristown and Morristown Utilities
For the Year Ended June 30, 2021

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
BONDS PAYABLE					
<u>Payable through City of Morristown General Fund</u>					
General Obligation Bonds, Series 2017	100.00	0.00	8,490,000	-	8,490,000
General Obligation Bonds, Series 2018	29.83	0.00	16,085,000	-	16,085,000
General Obligation Bonds, Series 2019B	100.00	0.00	36,380,000	-	36,380,000
Total Payable Through City of Morristown General Fund			<u>\$ 60,955,000</u>	<u>\$ -</u>	<u>\$ 60,955,000</u>
<u>Payable through City of Morristown Storm Water Fund</u>					
General Obligation Bonds, Series 2012	16.13 %	0.00 %	3,329,263	-	3,329,263
			<u>\$ 3,329,263</u>	<u>\$ -</u>	<u>\$ 3,329,263</u>
<u>Payable through Wastewater System</u>					
General Obligation Bonds, Series 2012	0.00	83.87	-	17,309,383	17,309,383
General Obligation Bonds, Series 2018	0.00	15.64	-	10,060,000	10,060,000
General Obligation Bonds, Series 2018 - Refunding	0.00	16.29	-	7,845,000	7,845,000
General Obligation Bonds, Series 2019	0.00	100.00	-	11,900,000	11,900,000
Total Payable Through Morristown Utilities Wastewater System			<u>\$ -</u>	<u>\$ 47,114,383</u>	<u>\$ 47,114,383</u>
<u>Payable through Power System</u>					
General Obligation Bonds, Series 2018	0.00	6.80	-	3,960,000	3,960,000
General Obligation Bonds, Series 2018 - Refunding	0.00	25.51	-	13,660,000	13,660,000
Total Payable Through Morristown Utilities Power System			<u>\$ -</u>	<u>\$ 17,620,000</u>	<u>\$ 17,620,000</u>
<u>Payable through Broadband System</u>					
General Obligation Bonds, Series 2018	0.00	5.93	<u>\$ -</u>	<u>\$ 3,330,000</u>	<u>\$ 3,330,000</u>
Total Bonds Payable	48.03	51.97	<u>\$ 64,284,263</u>	<u>\$ 68,064,383</u>	<u>\$ 132,348,646</u>
TOTAL DEBT	39.59	60.41	<u>\$ 67,276,358</u>	<u>\$ 99,413,106</u>	<u>\$ 166,689,464</u>

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Government Wide
Fiscal Year 2022

	Principal	Interest	Total
General Fund:			
Capital Outlay Note, Series 2011	\$ 309,375	\$ 15,933	\$ 325,308
Tennessee Local Government Loan Program Series 2009	108,224	50,006	158,230
General Obligation Bonds, Series 2017	295,000	277,313	572,313
General Obligation Bonds, Series 2018	1,170,000	685,850	1,855,850
General Obligation Bonds, Series 2019B	910,000	1,263,238	2,173,238
Total General Fund	\$ 2,792,599	\$ 2,292,340	\$ 5,084,939
Solid Waste Fund:			
Capital Outlay Note, Series 2011	\$ 20,625	\$ 1,062	\$ 21,687
Tennessee Local Government Loan Program Series 2009	6,194	2,919	9,113
Total Solid Waste Fund	\$ 26,819	\$ 3,981	\$ 30,800
Stormwater Fund:			
Tennessee Local Government Loan Program Series 2009	\$ 3,097	\$ 1,460	\$ 4,557
General Obligation Bonds, Series 2012	208,883	110,090	318,973
Total Stormwater Fund	\$ 211,980	\$ 111,550	\$ 323,530

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Government Wide
Fiscal Year 2022

	Principal	Interest	Total
Wastewater System:			
2007 CWSRF Promissory Note	\$ 492,528	\$ 114,091	\$ 606,619
2009 CWSRF Promissory Note	62,484	21,568	84,052
2013 CWSRF Promissory Note	233,580	56,215	289,795
2015 Promissory Note	437,000	219,108	656,108
2016 Promissory Note	657,000	51,675	708,675
Tennessee Local Government Loan Program Series 2009	72,485	34,881	107,366
General Obligation Bonds Series 2012	1,086,117	572,425	1,658,542
General Obligation Bonds Series 2018	-	339,069	339,069
General Obligation Bonds Series 2018 - Refunding	965,000	367,100	1,332,100
General Obligation Bonds Series 2019	890,000	462,850	1,352,850
Total Wastewater System	\$ 4,896,194	\$ 2,238,982	\$ 7,135,176
Power System:			
General Obligation Bonds Series 2018	\$ 165,000	\$ 152,875	\$ 317,875
General Obligation Bonds Series 2018 - Refunding	1,010,000	559,613	1,569,613
Total Power System	\$ 1,175,000	\$ 712,488	\$ 1,887,488

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Government Wide
Fiscal Year 2022

	Principal	Interest	Total
Water System:			
2002 DWSRF Promissory Note	\$ 604,082	\$ 73,738	\$ 677,820
2009 Promissory Note	390,000	96,138	486,138
2011 DWSRF Note	58,387	20,261	78,648
Total Water System	\$ 1,052,469	\$ 190,137	\$ 1,242,606
Broadband System:			
2014 Promissory Note	\$ 117,000	\$ 7,809	\$ 124,809
2016 Promissory Note	416,000	4,160	420,160
General Obligation Bonds Series 2018	180,000	128,700	308,700
Capital Lease	47,636	9,628	57,264
Total Broadband System	\$ 760,636	\$ 150,297	\$ 910,933
Total Government Wide	\$ 10,915,697	\$ 5,699,775	\$ 16,615,472

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
City of Morristown
Fiscal Year 2022

	Principal	Interest	Total
General Fund:			
Capital Outlay Note, Series 2011	\$ 309,375	\$ 15,933	\$ 325,308
Tennessee Local Government Loan Program Series 2009	108,224	50,006	158,230
General Obligation Bonds, Series 2017	295,000	277,313	572,313
General Obligation Bonds, Series 2018	1,170,000	685,850	1,855,850
General Obligation Bonds, Series 2019B	910,000	1,263,238	2,173,238
Total General Fund	\$ 2,792,599	\$ 2,292,340	\$ 5,084,939
Solid Waste Fund:			
Capital Outlay Note, Series 2011	\$ 20,625	\$ 1,062	\$ 21,687
Tennessee Local Government Loan Program Series 2009	6,194	2,919	9,113
Total Solid Waste Fund	\$ 26,819	\$ 3,981	\$ 30,800
Stormwater Fund:			
Tennessee Local Government Loan Program Series 2009	\$ 3,097	\$ 1,460	\$ 4,557
General Obligation Bonds, Series 2012	208,883	110,090	318,973
Total Stormwater Fund	\$ 211,980	\$ 111,550	\$ 323,530
Total City of Morristown	\$ 3,031,398	\$ 2,407,871	\$ 5,439,269

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Morristown Utilities
Fiscal Year 2022

	Principal	Interest	Total
Wastewater System:			
2007 CWSRF Promissory Note	\$ 492,528	\$ 114,091	606,619
2009 CWSRF Promissory Note	62,484	21,568	84,052
Tennessee Local Government Loan Program Series 2009	72,485	34,881	107,366
2013 CWSRF Promissory Note	233,580	56,215	289,795
2015 Promissory Note	437,000	219,108	656,108
2016 Promissory Note	657,000	51,675	708,675
General Obligation Bonds Series 2012	1,086,117	572,425	1,658,542
General Obligation Bonds Series 2018	-	339,069	339,069
General Obligation Bonds Series 2018 - Refunding	965,000	367,100	1,332,100
General Obligation Bonds Series 2019	890,000	462,850	1,352,850
Total Wastewater System	\$ 4,896,194	\$ 2,238,982	\$ 7,135,176
Power System:			
General Obligation Bonds Series 2018	\$ 165,000	\$ 152,875	\$ 317,875
General Obligation Bonds Series 2018 - Refunding	1,010,000	559,613	1,569,613
Total Power System	\$ 1,175,000	\$ 712,488	\$ 1,887,488

City of Morristown, Tennessee
Annual Debt Report
Schedule of Budgeted Debt Payments
Morristown Utilities
Fiscal Year 2022

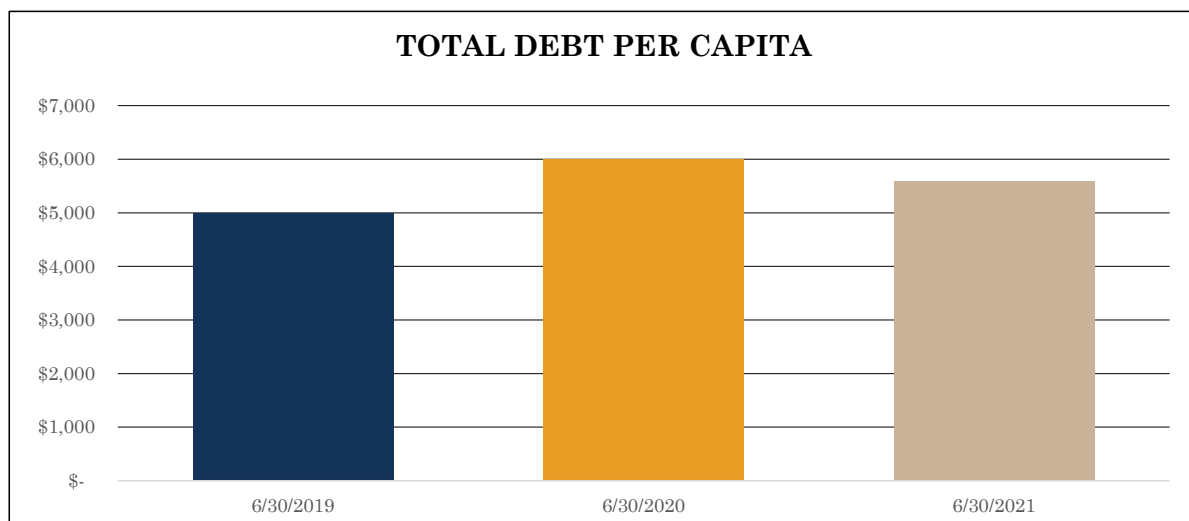
	Principal	Interest	Total
Water System:			
2002 DWSRF Promissory Note	\$ 604,082	\$ 73,738	\$ 677,820
2009 Promissory Note	390,000	96,138	486,138
2011 DWSRF Note	58,387	20,261	78,648
Total Water System	\$ 1,052,469	\$ 190,137	\$ 1,242,606
Broadband System:			
2014 Promissory Note	\$ 117,000	\$ 7,809	\$ 124,809
2016 Promissory Note	416,000	4,160	420,160
General Obligation Bonds Series 2018	180,000	128,700	308,700
Capital Lease	47,636	9,628	57,264
Total Broadband System	\$ 760,636	\$ 150,297	\$ 910,933
Total Morristown Utilities	\$ 7,884,299	\$ 3,291,904	\$ 11,176,203

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 149,608,787	\$ 177,276,048	\$ 166,689,464
Population	29,926	29,547	29,782
Debt Per Capita	\$ 4,999	\$ 6,000	\$ 5,597



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)

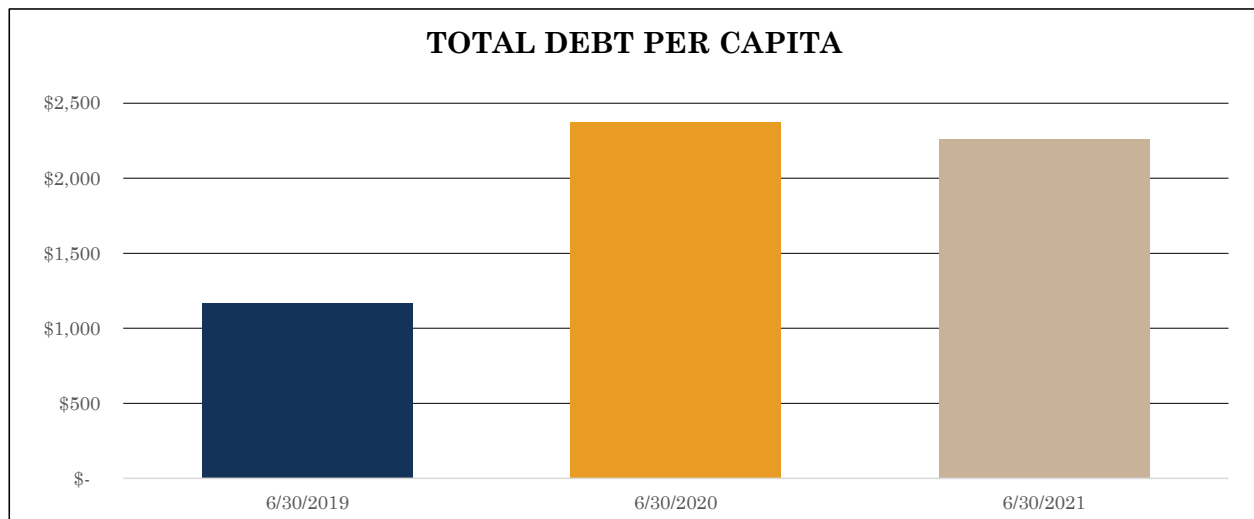
²U.S. Census Bureau
<https://data.census.gov/cedsci/profile?q=Morristown%20city,%20Tennessee&g=1600000US4750280&tid=ACSDP5Y2018.DP05>

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 34,909,878	\$ 70,184,664	\$ 67,276,358
Population	29,926	29,547	29,782
Debt Per Capita	\$ 1,167	\$ 2,375	\$ 2,259



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)

²U.S. Census Bureau

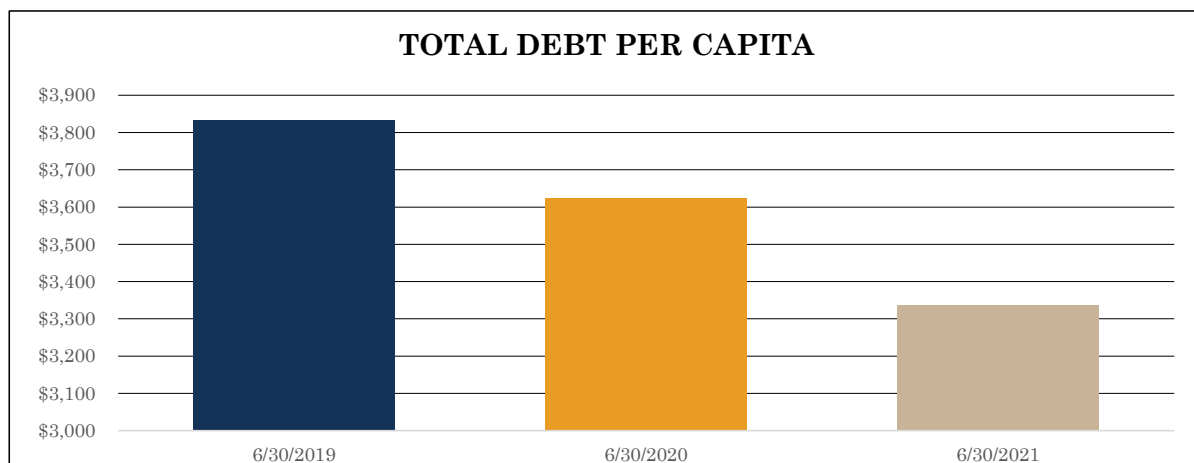
<https://data.census.gov/cedsci/profile?q=Morristown%20city,%20Tennessee&g=1600000US4750280&tid=ACSDP5Y2018.DP05>

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 114,698,909	\$ 107,091,384	\$ 99,413,106
Population	29,926	29,547	29,782
Debt Per Capita	\$ 3,833	\$ 3,624	\$ 3,338



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)

²U.S. Census Bureau

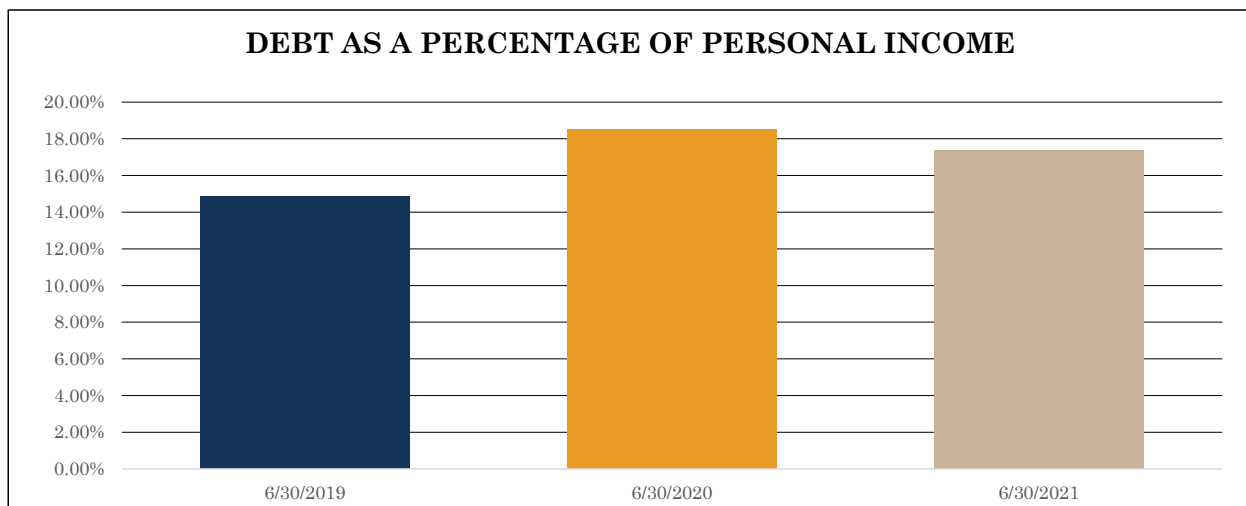
<https://data.census.gov/cedsci/profile?q=Morristown%20city,%20Tennessee&g=1600000US4750280&tid=ACSDP5Y2018.DP05>

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 149,608,787	\$ 177,276,048	\$ 166,689,464
Population	29,926	29,547	29,782
Personal Income	\$ 33,597	\$ 32,386	\$ 32,193
Debt Per Capita	14.88%	18.53%	17.39%



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)

²US Census Bureau

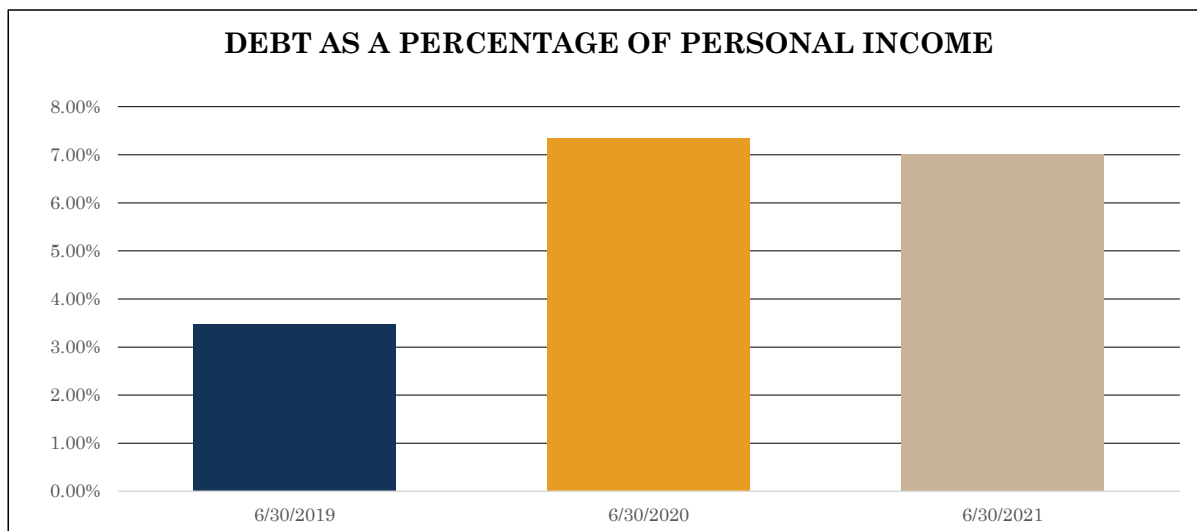
<https://data.census.gov/cedsci/profile?q=Morristown%20city,%20Tennessee&g=1600000US4750280&tid=ACSDP5Y2>

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 34,909,878	\$ 70,184,664	\$ 67,276,358
Population	29,926	29,547	29,782
Personal Income	\$ 33,597	\$ 32,386	\$ 32,193
Debt Per Capita	3.47%	7.33%	7.02%



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)

²US Census Bureau
<https://data.census.gov/cedsci/profile?q=Morristown%20city,%20Tennessee&g=1600000US4750280&tid=ACSDP>

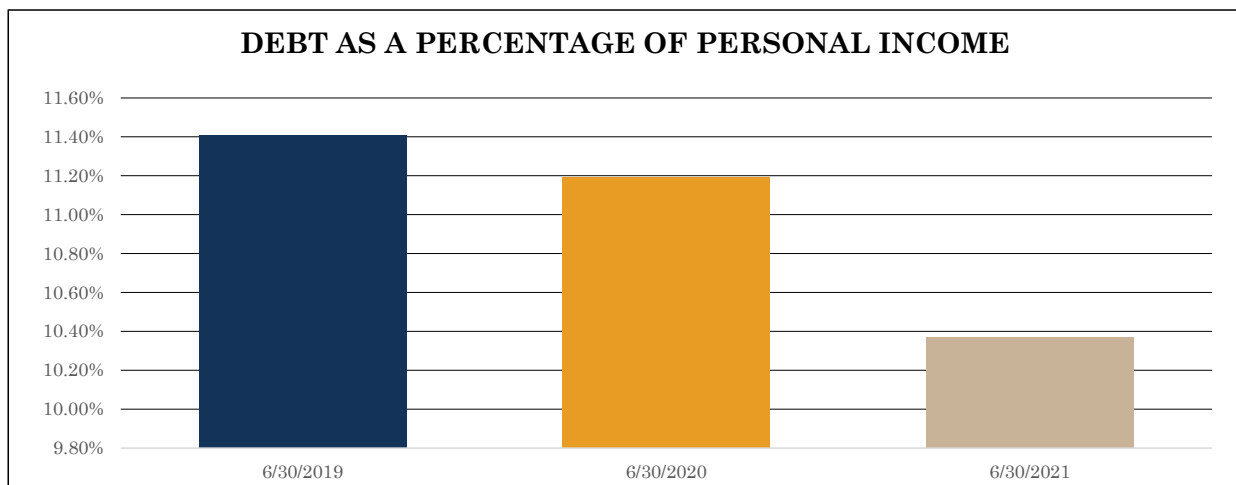
³U.S. Census Bureau <https://www.census.gov/quickfacts/morristowncitytennessee>

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 114,698,909	\$ 107,091,384	\$ 99,413,106
Population	29,926	29,547	29,782
Personal Income	\$ 33,597	\$ 32,386	\$ 32,193
Debt Per Capita	11.41%	11.19%	10.37%



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)

²US Census Bureau
<https://data.census.gov/cedsci/profile?q=Morristown%20city,%20Tennessee&g=1600000US4750280&tid=ACSDP5Y2>

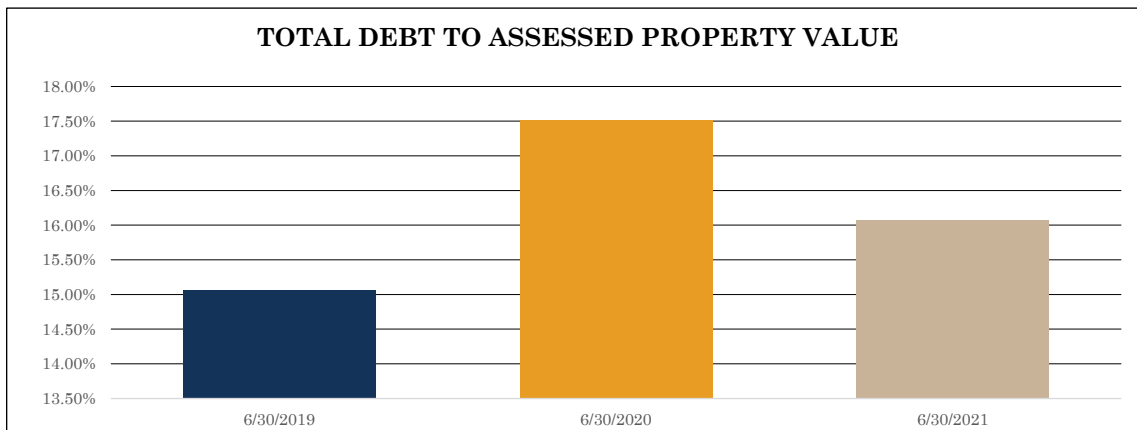
³U.S. Census Bureau <https://www.census.gov/quickfacts/morristowncitytennessee>

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 142,001,262	\$ 177,276,048	\$ 166,689,464
Assessed Property Value	\$ 943,044,667	\$ 1,011,849,689	\$ 1,037,412,060
Debt to Assessed Property Value	15.06%	17.52%	16.07%



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)

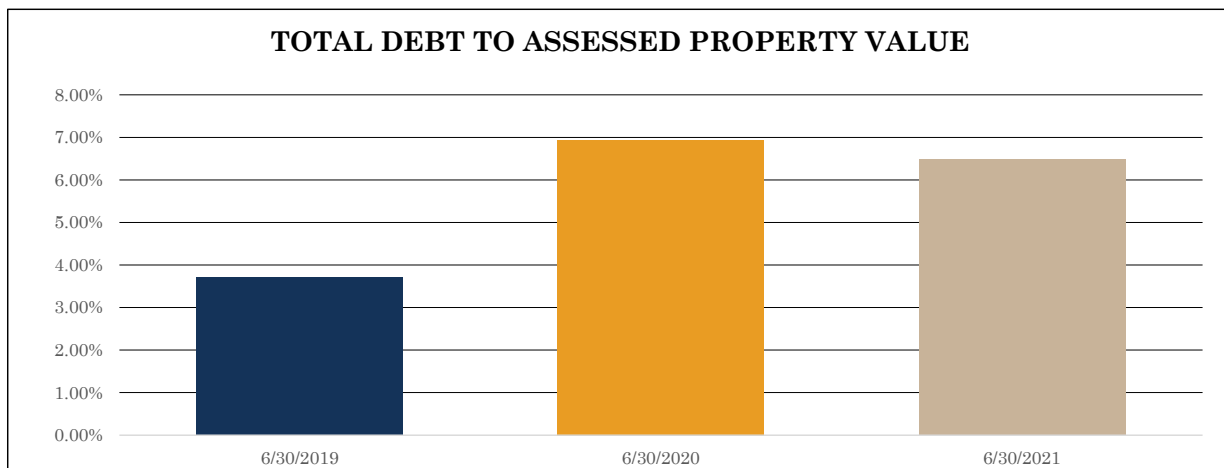
² This is based on final assessments as received from the State of Tennessee, and excludes any changes made during the year.

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

Calculation Method:

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

	6/30/2019	6/30/2020	6/30/2021
Total Debt	\$ 34,909,878	\$ 70,184,664	\$ 67,276,358
Assessed Property Value	\$ 943,044,667	\$ 1,011,849,689	\$ 1,037,412,060
Debt to Assessed Property Value	3.70%	6.94%	6.49%



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)

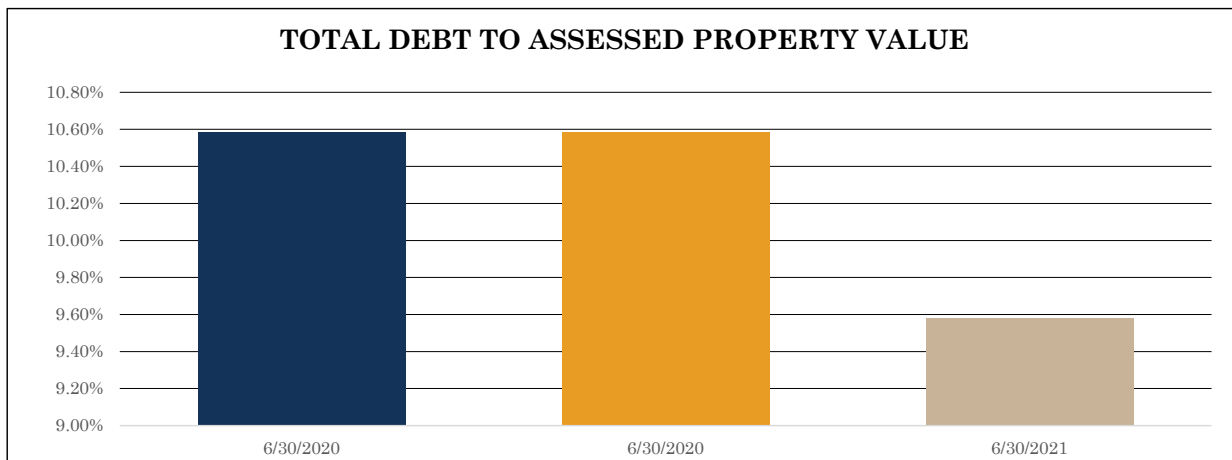
² This is based on final assessments as received from the State of Tennessee, and excludes any changes made during the year.

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	6/30/2020	6/30/2021
Total Debt	\$ 107,091,384	\$ 107,091,384	\$ 99,413,106
Assessed Property Value	\$ 1,011,849,689	\$ 1,011,849,689	\$ 1,037,412,060
Debt to Assessed Property Value	10.58%	10.58%	9.58%



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
2022	\$ 10,915,697	\$ 5,699,775	\$ 16,615,472
2023	10,816,518	5,294,475	16,110,993
2024	11,171,278	4,880,237	16,051,515
2025	10,932,655	4,449,357	15,382,012
2026	10,545,517	4,010,486	14,556,003
2027	10,342,663	3,578,723	13,921,386
2028	10,660,763	3,185,982	13,846,745
2029	8,682,266	2,784,425	11,466,691
2030	8,833,161	2,499,992	11,333,153
2031	8,495,501	2,241,072	10,736,573
2032	8,361,812	1,981,000	10,342,812
2033	8,003,739	1,746,156	9,749,895
2034	8,103,947	1,508,618	9,612,565
2035	7,338,212	1,274,003	8,612,215
2036	6,252,089	1,036,035	7,288,124
2037	5,153,646	865,334	6,018,980
2038	2,645,000	703,688	3,348,688
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	\$ 166,689,464	\$ 50,885,460	\$ 217,574,924

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
2022	\$	3,031,398	\$	2,407,871	\$	5,439,269
2023		3,155,110		2,278,554		5,433,664
2024		3,298,820		2,143,332		5,442,152
2025		3,102,531		2,003,559		5,106,090
2026		3,256,241		1,859,633		5,115,874
2027		3,414,953		1,709,008		5,123,961
2028		3,563,665		1,565,967		5,129,632
2029		2,397,994		1,416,265		3,814,259
2030		2,440,710		1,317,861		3,758,571
2031		2,515,039		1,231,350		3,746,389
2032		2,539,368		1,141,691		3,681,059
2033		2,568,699		1,073,266		3,641,965
2034		2,598,646		1,001,218		3,599,864
2035		2,623,605		928,515		3,552,120
2036		2,482,270		849,708		3,331,978
2037		2,512,309		772,212		3,284,521
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	\$	67,276,358	\$	27,537,600	\$	94,813,958

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
2022	\$ 7,884,299	\$ 3,291,904	\$ 11,176,203
2023	7,661,408	3,015,921	10,677,329
2024	7,872,458	2,736,905	10,609,363
2025	7,830,124	2,445,798	10,275,922
2026	7,289,276	2,150,853	9,440,129
2027	6,927,710	1,869,715	8,797,425
2028	7,097,098	1,620,015	8,717,113
2029	6,284,272	1,368,160	7,652,432
2030	6,392,451	1,182,131	7,574,582
2031	5,980,462	1,009,722	6,990,184
2032	5,822,444	839,309	6,661,753
2033	5,435,040	672,890	6,107,930
2034	5,505,301	507,400	6,012,701
2035	4,714,607	345,488	5,060,095
2036	3,769,819	186,327	3,956,146
2037	2,641,337	93,122	2,734,459
2038	305,000	12,200	317,200
Total	\$ 99,413,106	\$ 23,347,860	\$ 122,760,966

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
2022	\$ 47,636	\$ 9,628	\$ 57,264
2023	50,309	6,955	57,264
2024	53,130	4,134	57,264
2025	41,773	1,175	42,948
Total Capital Leases	\$ 192,848	\$ 21,892	\$ 214,740

Year Ending June 30	Capital Outlay Notes		
	Principal	Interest	Total
2022	\$ 330,000	\$ 16,995	\$ 346,995
2023	330,000	10,197	340,197
2024	330,000	3,399	333,399
Total Capital Outlay Notes	\$ 990,000	\$ 30,591	\$ 1,020,591

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2022	\$ 3,658,061	\$ 754,029	\$ 4,412,090
2023	3,321,209	670,650	3,991,859
2024	3,408,148	589,906	3,998,054
2025	3,250,882	508,909	3,759,791
2026	2,620,517	436,113	3,056,630
2027	2,117,663	379,300	2,496,963
2028	2,170,763	328,484	2,499,247
2029	2,227,266	275,227	2,502,493
2030	2,283,161	220,969	2,504,130
2031	1,820,501	171,850	1,992,351

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	\$ 1,611,812	\$ 129,146	\$ 1,740,958
2033	1,153,739	95,694	1,249,433
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	\$ 33,157,970	\$ 4,668,648	\$ 37,826,618

Year Ending June 30	Bonds		
	Principal	Interest	Total
2022	\$ 6,880,000	\$ 9,623,907	\$ 16,503,907
2023	7,115,000	4,147,904	11,262,904
2024	7,380,000	3,833,279	11,213,279
2025	7,640,000	3,499,504	11,139,504
2026	7,925,000	3,146,854	11,071,854
2027	8,225,000	2,780,654	11,005,654
2028	8,490,000	2,447,729	10,937,729
2029	6,455,000	2,509,198	8,964,198
2030	6,550,000	2,279,023	8,829,023
2031	6,675,000	2,069,222	8,744,222
2032	6,750,000	1,851,854	8,601,854
2033	6,850,000	1,650,462	8,500,462
2034	6,950,000	1,441,620	8,391,620
2035	6,155,000	1,236,303	7,391,303
2036	5,075,000	1,032,362	6,107,362
2037	5,153,646	865,334	6,018,980
2038	2,645,000	703,688	3,348,688
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

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	\$ 132,348,646	\$ 48,264,999	\$ 180,613,645
Total Debt	\$ 166,689,464	\$ 52,986,130	\$ 219,675,594

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
2022	\$ 330,000	\$ 16,995	\$ 346,995
2023	330,000	10,197	340,197
2024	330,000	3,399	333,399
Total Capital Outlay Notes	\$ 990,000	\$ 30,591	\$ 1,020,591

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2022	\$ 117,515	\$ 54,385	\$ 171,900
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	\$ 2,002,095	\$ 420,730	\$ 2,422,825

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
2022	\$ 2,583,883	\$ 2,336,491	\$ 4,920,374
2023	2,703,883	2,217,374	4,921,257
2024	2,843,883	2,092,458	4,936,341
2025	2,973,883	1,959,697	4,933,580
2026	3,123,883	1,819,491	4,943,374
2027	3,278,883	1,671,986	4,950,869
2028	3,423,883	1,532,581	4,956,464
2029	2,253,883	1,386,925	3,640,808
2030	2,292,270	1,292,689	3,584,959
2031	2,362,270	1,210,470	3,572,740
2032	2,382,270	1,125,227	3,507,497
2033	2,407,270	1,061,341	3,468,611
2034	2,432,270	993,965	3,426,235
2035	2,452,270	926,074	3,378,344
2036	2,482,270	849,708	3,331,978
2037	2,512,309	772,212	3,284,521
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	\$ 64,284,263	\$ 27,086,279	\$ 91,370,542
Total Debt	\$ 67,276,358	\$ 27,537,600	\$ 94,813,958

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
2022	\$ 47,636	\$ 9,628	\$ 57,264
2023	50,309	6,955	57,264
2024	53,130	4,134	57,264
2025	41,773	1,175	42,948
Total Capital Leases	\$ 192,848	\$ 21,892	\$ 214,740

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2022	\$ 3,540,546	\$ 699,644	\$ 4,240,190
2023	3,199,982	619,667	3,819,649
2024	3,283,211	542,431	3,825,642
2025	3,122,234	465,047	3,587,281
2026	2,488,159	395,971	2,884,130
2027	1,981,593	342,278	2,323,871
2028	2,030,981	295,098	2,326,079
2029	2,083,155	245,887	2,329,042
2030	2,134,721	195,797	2,330,518
2031	1,667,732	150,970	1,818,702
2032	1,454,714	112,682	1,567,396
2033	992,310	83,769	1,076,079
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	\$ 31,155,875	\$ 4,247,918	\$ 35,403,793

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
2022	\$ 4,296,117	\$ 7,287,416	\$ 11,583,533
2023	4,411,117	1,930,530	6,341,647
2024	4,536,117	1,740,821	6,276,938
2025	4,666,117	1,539,807	6,205,924
2026	4,801,117	1,327,363	6,128,480
2027	4,946,117	1,108,668	6,054,785
2028	5,066,117	915,148	5,981,265
2029	4,201,117	1,122,273	5,323,390
2030	4,257,730	986,334	5,244,064
2031	4,312,730	858,752	5,171,482
2032	4,367,730	726,627	5,094,357
2033	4,442,730	589,121	5,031,851
2034	4,517,730	447,655	4,965,385
2035	3,702,730	310,229	4,012,959
2036	2,592,730	182,654	2,775,384
2037	2,641,337	93,122	2,734,459
2038	305,000	12,200	317,200
Total Bonds	\$ 68,064,383	\$ 21,178,720	\$ 89,243,103
Total Debt	\$ 99,413,106	\$ 25,448,530	\$ 124,861,636

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
2002 DWSRF Promissory Note
Morristown Utilities - Water System

Year Ending June 30	Principal	Interest	Total
2022	\$ 604,082	\$ 73,738	\$ 677,820
2023	620,039	57,781	677,820
2024	636,417	41,403	677,820
2025	653,228	24,592	677,820
2026	556,554	7,332	563,886
Total	\$ 3,070,320	\$ 204,846	\$ 3,275,166

NOTE:

The 2002 DWSRF Promissory Note issued on August 9, 2001, is a revolving fund loan agreement with the State for the repayment of a principal amount up to \$10,500,000 for the purpose of expanding an existing water treatment facility of the Water System. The Water System borrowed a total of \$10,492,582 before closing out the project during 2007. The annual percentage rate is 2.61%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
2007 CWSRF Promissory Note
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2022	\$ 492,528	\$ 114,091	\$ 606,619
2023	502,764	103,849	606,613
2024	513,228	93,393	606,621
2025	523,896	82,720	606,616
2026	534,792	71,825	606,617
2027	545,916	60,703	606,619
2028	557,268	49,350	606,618
2029	568,860	37,761	606,621
2030	580,680	25,930	606,610
2031	592,764	13,854	606,618
2032	353,797	2,414	356,211
Total	\$ 5,766,493	\$ 655,890	\$ 6,422,383

NOTE:

The 2007 CWSRF Promissory Note issued on May 15, 2007, between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority was issued on for the repayment of a principal amount up to \$12,500,000 for the purpose of rehabilitation and site work at the wastewater treatment plant. A total of \$10,016,558 was borrowed before closing out the project in 2012. The fixed interest rate is 2.06%.

City of Morristown, Tennessee

Annual Debt Report

Schedule of Long-Term Debt Requirements By Year

Tennessee Local Government Loan Program Series 2009

Morristown Utilities - Water System

Year Ending June 30	Principal	Interest	Total
2022	\$ 390,000	\$ 96,138	\$ 486,138
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	<u>\$ 4,010,000</u>	<u>\$ 476,910</u>	<u>\$ 4,486,910</u>

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
2009 CWSRF Promissory Note
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2022	\$ 62,484	\$ 21,568	\$ 84,052
2023	64,212	19,841	84,053
2024	65,988	18,066	84,054
2025	67,812	16,241	84,053
2026	69,684	14,367	84,051
2027	71,616	12,440	84,056
2028	73,596	10,460	84,056
2029	75,636	8,425	84,061
2030	77,724	6,334	84,058
2031	79,872	4,186	84,058
2032	82,080	1,978	84,058
2033	27,979	159	28,138
Total	\$ 818,683	\$ 134,065	\$ 952,748

NOTE:

The 2009 CWSRF Promissory Note issued on May 2, 2011, is between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority for the repayment of a principal amount up to \$1,600,000 for the purpose of rehabilitation and site work at various pump stations. A total of \$1,287,983 was borrowed before closing out the project in 2014. The fixed interest rate is 2.73%.

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
2022	\$ 190,000	\$ 89,266	\$ 279,266
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	\$ 3,237,001	\$ 689,040	\$ 3,926,041

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
2022	\$ 108,224	\$ 50,006	\$ 158,230
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	\$ 1,843,971	\$ 387,047	\$ 2,231,018

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
2022	\$ 6,194	\$ 2,919	\$ 9,113
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	\$ 105,423	\$ 22,457	\$ 127,880

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
2022	\$ 3,097	\$ 1,460	\$ 4,557
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	\$ 52,701	\$ 11,226	\$ 63,927

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
2022	\$ 72,485	\$ 34,881	\$ 107,366
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	\$ 1,234,906	\$ 268,310	\$ 1,503,216

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
2011 DWSRF Promissory Note
Morristown Utilities - Water System

Year Ending June 30	Principal	Interest	Total
2022	\$ 58,387	\$ 20,261	\$ 78,648
2023	60,061	18,587	78,648
2024	61,783	16,865	78,648
2025	63,554	15,094	78,648
2026	65,376	13,272	78,648
2027	67,251	11,397	78,648
2028	69,179	9,469	78,648
2029	71,162	7,486	78,648
2030	73,202	5,446	78,648
2031	75,301	3,347	78,648
2032	77,304	1,189	78,493
Total	\$ 742,560	\$ 122,413	\$ 864,973

NOTE:

The 2011 DWSRF Promissory Note issued on September 3, 2009, between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority for the purpose of funding a remote-read water meter project. The original amount of the note is \$2,000,000. Of this amount, \$800,000 was provided as a grant via loan forgiveness through the State. The annual interest rate is 2.83%.

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
2022	\$ 330,000	\$ 16,995	\$ 346,995
2023	330,000	10,197	340,197
2024	330,000	3,399	333,399
Total	\$ 990,000	\$ 30,591	\$ 1,020,591

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
2022	\$ 309,375	\$ 15,933	\$ 325,308
2023	309,375	9,560	318,935
2024	309,375	3,187	312,562
Total	\$ 928,125	\$ 28,680	\$ 956,805

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
2022	\$	20,625	\$	1,062	\$ 21,687
2023		20,625		637	21,262
2024		20,625		212	20,837
Total	\$	61,875	\$	1,911	\$ 63,786

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
General Obligation Bonds, Series 2012
Government Wide

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,295,000	\$ 682,515	\$ 1,977,515
2023	1,295,000	643,665	1,938,665
2024	1,295,000	604,815	1,899,815
2025	1,295,000	559,490	1,854,490
2026	1,295,000	507,690	1,802,690
2027	1,295,000	455,890	1,750,890
2028	1,295,000	404,090	1,699,090
2029	1,295,000	352,290	1,647,290
2030	1,285,000	307,115	1,592,115
2031	1,285,000	268,564	1,553,564
2032	1,285,000	230,015	1,515,015
2033	1,285,000	190,661	1,475,661
2034	1,285,000	149,702	1,434,702
2035	1,285,000	107,940	1,392,940
2036	1,285,000	65,374	1,350,374
2037	1,283,646	21,846	1,305,492
Total	\$ 20,638,646	\$ 5,551,662	\$ 26,190,308

NOTE:

General Obligation Bonds, Series 2012 were issued on May 30, 2012, in the amount \$31,000,000. The bonds were sold at a premium totaling \$1,547,714 and issued at a cost of \$400,994. Of the \$31,000,000 issued, \$5,000,000 was for Storm Water capital projects and \$26,000,00 was for the purpose of construction, improving and extending the Wastewater System. The fixed interest rate on the Series 2012 Bonds ranges from 2% to 4% with a true interest cost of 2.91%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2012
City of Morristown - Storm Water Fund

Year Ending June 30	Principal	Interest	Total
2022	\$ 208,883	\$ 110,090	\$ 318,973
2023	208,883	103,823	312,706
2024	208,883	97,557	306,440
2025	208,883	90,246	299,129
2026	208,883	81,890	290,773
2027	208,883	73,535	282,418
2028	208,883	65,180	274,063
2029	208,883	56,824	265,707
2030	207,270	49,538	256,808
2031	207,270	43,319	250,589
2032	207,270	37,101	244,371
2033	207,270	30,753	238,023
2034	207,270	24,147	231,417
2035	207,270	17,411	224,681
2036	207,270	10,545	217,815
2037	207,309	3,524	210,833
Total	\$ 3,329,263	\$ 895,483	\$ 4,224,746

NOTE:

General Obligation Bonds, Series 2012 were issued on May 30, 2012, in the amount \$31,000,000. The bonds were sold at a premium totaling \$1,547,714 and issued at a cost of \$400,994. Of the \$31,000,000 issued, \$5,000,000 was for Storm Water capital projects and \$26,000,00 was for the purpose of construction, improving and extending the Wastewater System. The fixed interest rate on the Series 2012 Bonds ranges from 2% to 4% with a true interest cost of 2.91%.

City of Morristown, Tennessee
Annual Debt Report
Schedule of Long-Term Debt Requirements By Year
General Obligation Bonds, Series 2012
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,086,117	\$ 572,425	\$ 1,658,542
2023	1,086,117	539,842	1,625,959
2024	1,086,117	507,258	1,593,375
2025	1,086,117	469,244	1,555,361
2026	1,086,117	425,800	1,511,917
2027	1,086,117	382,355	1,468,472
2028	1,086,117	338,910	1,425,027
2029	1,086,117	295,466	1,381,583
2030	1,077,730	257,577	1,335,307
2031	1,077,730	225,245	1,302,975
2032	1,077,730	192,914	1,270,644
2033	1,077,730	159,908	1,237,638
2034	1,077,730	125,555	1,203,285
2035	1,077,730	90,529	1,168,259
2036	1,077,730	54,829	1,132,559
2037	1,076,337	18,322	1,094,659
Total	\$ 17,309,383	\$ 4,656,179	\$ 21,965,562

NOTE:

General Obligation Bonds, Series 2012 were issued on May 30, 2012, in the amount \$31,000,000. The bonds were sold at a premium totaling \$1,547,714 and issued at a cost of \$400,994. Of the \$31,000,000 issued, \$5,000,000 was for Storm Water capital projects and \$26,000,00 was for the purpose of construction, improving and extending the Wastewater System. The fixed interest rate on the Series 2012 Bonds ranges from 2% to 4% with a true interest cost of 2.91%.

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
2022	\$ 233,580	\$ 56,215	\$ 289,795
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	\$ 3,829,913	\$ 444,670	\$ 4,274,583

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
2022	\$ 117,000	\$ 7,809	\$ 124,809
2023	120,000	4,740	124,740
2024	123,000	1,593	124,593
Total	\$ 360,000	\$ 14,142	\$ 374,142

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
Morristown Utilities - Wastewater System

Year Ending June 30	Principal	Interest	Total
2022	\$ 437,000	\$ 219,108	\$ 656,108
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	\$ 8,304,000	\$ 1,806,418	\$ 10,110,418

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
2022	\$ 657,000	\$ 51,675	\$ 708,675
2023	672,000	36,591	708,591
2024	688,000	21,155	709,155
2025	586,000	6,673	592,673
Total	\$ 2,603,000	\$ 116,094	\$ 2,719,094

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
2016 Promissory Note
Morristown Utilities - Broadband System

Year Ending June 30	Principal		Interest		Total
2022	\$	416,000	\$	4,160	\$ 420,160
Total	\$	416,000	\$	4,160	\$ 420,160

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 \$2,000,000 for the purpose of the improving the telecommunications system. The fixed interest rate is 2.00%.

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
2022	\$ 295,000	\$ 277,313	\$ 572,313
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	\$ 8,490,000	\$ 3,506,140	\$ 11,996,140

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 will be used for the new Public Works Facility, the new Fire Station #4 Facility and the Community Center. 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
2022	\$ 3,490,000	\$ 2,233,207	\$ 5,723,207
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	\$ 54,940,000	\$ 17,019,696	\$ 71,959,696

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
2022	\$ 1,170,000	\$ 685,850	\$ 1,855,850
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	\$ 16,085,000	\$ 5,383,675	\$ 21,468,675

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
2022	\$ 165,000	\$ 152,875	\$ 317,875
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	\$ 3,960,000	\$ 1,432,888	\$ 5,392,888

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
2022	\$ 1,010,000	\$ 559,613	\$ 1,569,613
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	\$ 13,660,000	\$ 3,550,580	\$ 17,210,580

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
2022	\$ -	\$ 339,069	\$ 339,069
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	\$ 4,214,403	\$ 14,274,403

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
2022	\$ 965,000	\$ 367,100	\$ 1,332,100
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	\$ 7,845,000	\$ 1,480,000	\$ 9,325,000

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
2022	\$ 180,000	\$ 128,700	\$ 308,700
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	\$ 3,330,000	\$ 958,150	\$ 4,288,150

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
2022	\$ 47,636	\$ 9,628	\$ 57,264
2023	50,309	6,955	57,264
2024	53,130	4,134	57,264
2025	41,773	1,175	42,948
Total	\$ 192,848	\$ 21,892	\$ 214,740

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
2022	\$ 890,000	\$ 462,850	\$ 1,352,850
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	\$ 11,900,000	\$ 2,785,850	\$ 14,685,850

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

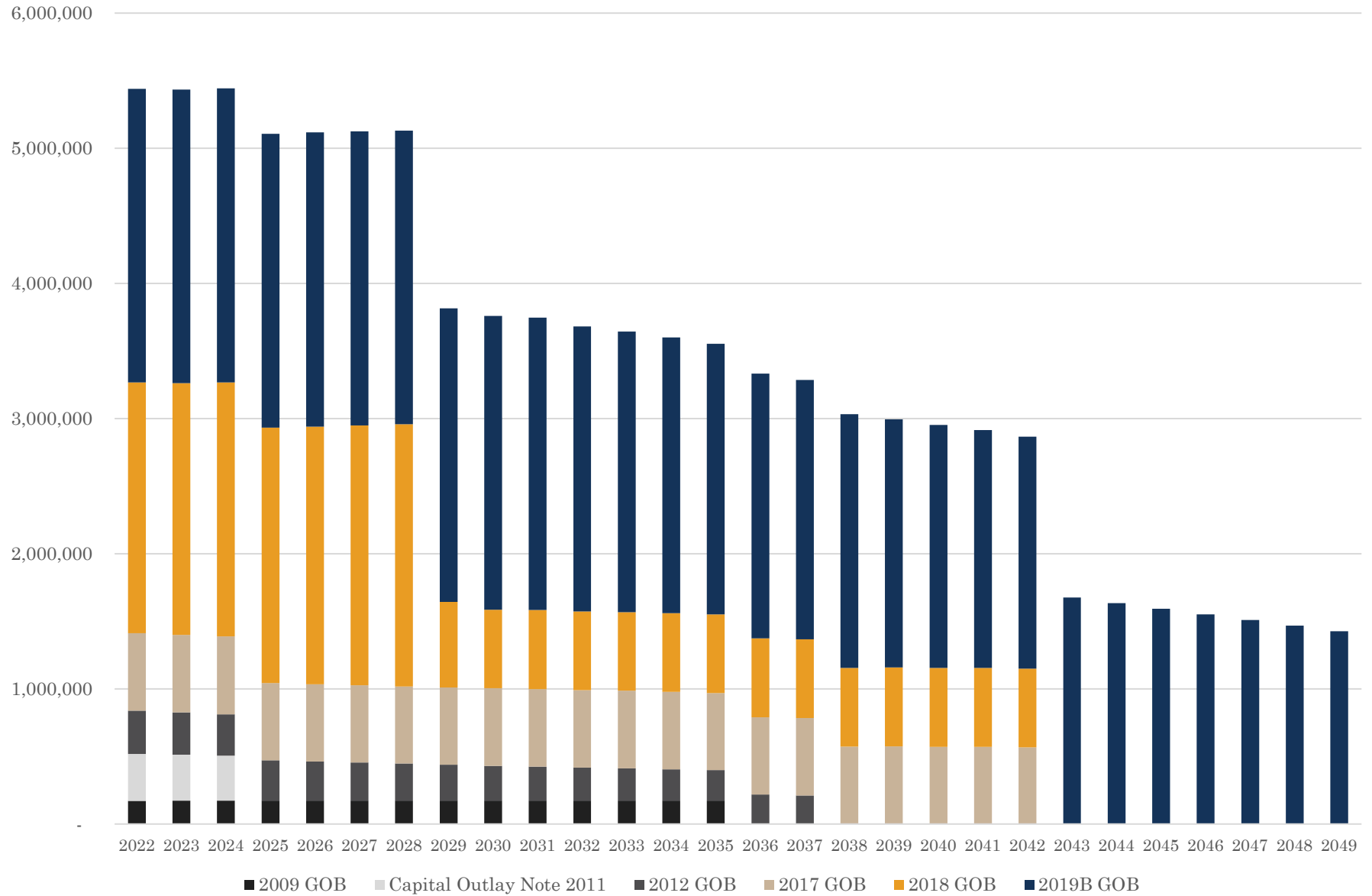
Year Ending June 30	Principal	Interest	Total
2022	\$ 910,000	\$ 1,263,238	\$ 2,173,238
2023	955,000	1,217,738	2,172,738
2024	1,005,000	1,169,988	2,174,988
2025	1,055,000	1,119,738	2,174,738
2026	1,110,000	1,066,988	2,176,988
2027	1,165,000	1,011,488	2,176,488
2028	1,220,000	953,238	2,173,238
2029	1,280,000	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	\$ 36,380,000	\$ 17,300,981	\$ 53,680,981

NOTE:

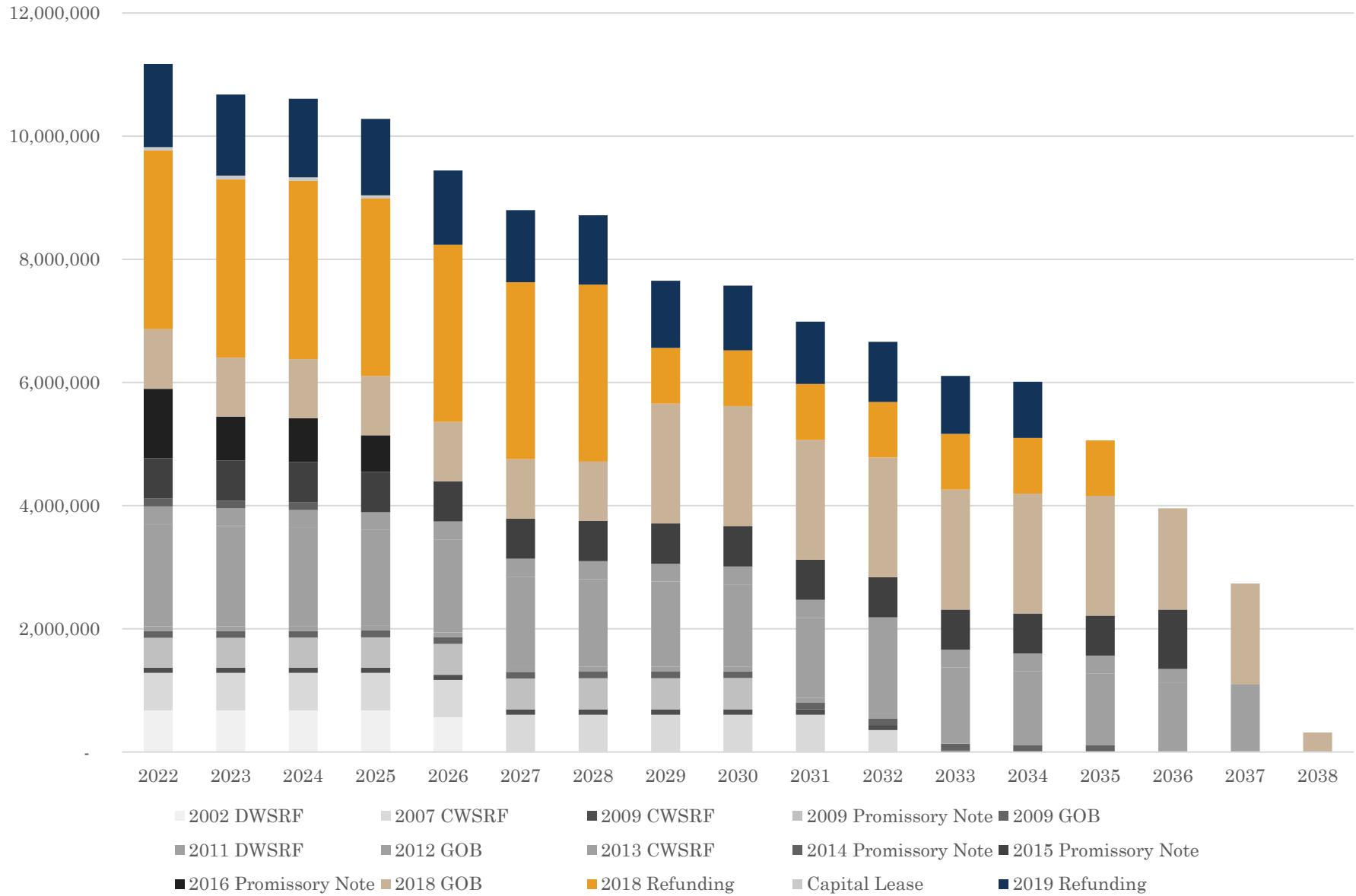
General Obligation Bonds, Series 2019B were issued on December 2, 2019, in the amount \$37,250,000. The bonds were sold at a premium totaling \$2,554,964 and issued at a cost of \$651,051. The 2019B Bonds were issued for the purpose of funding the new Community Center. The fixed interest rate on the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



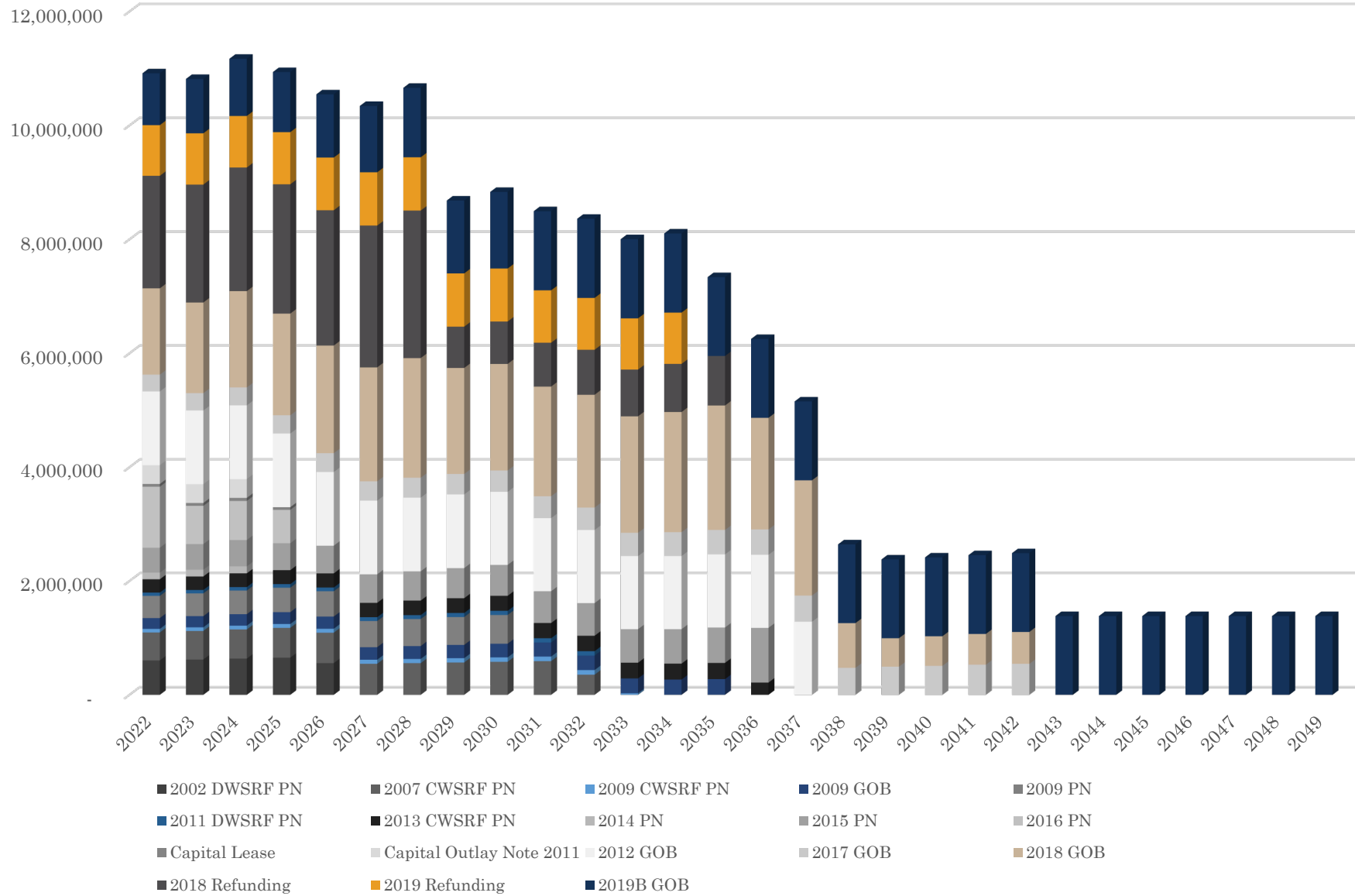
Schedule of Total Payments City of Morristown Only



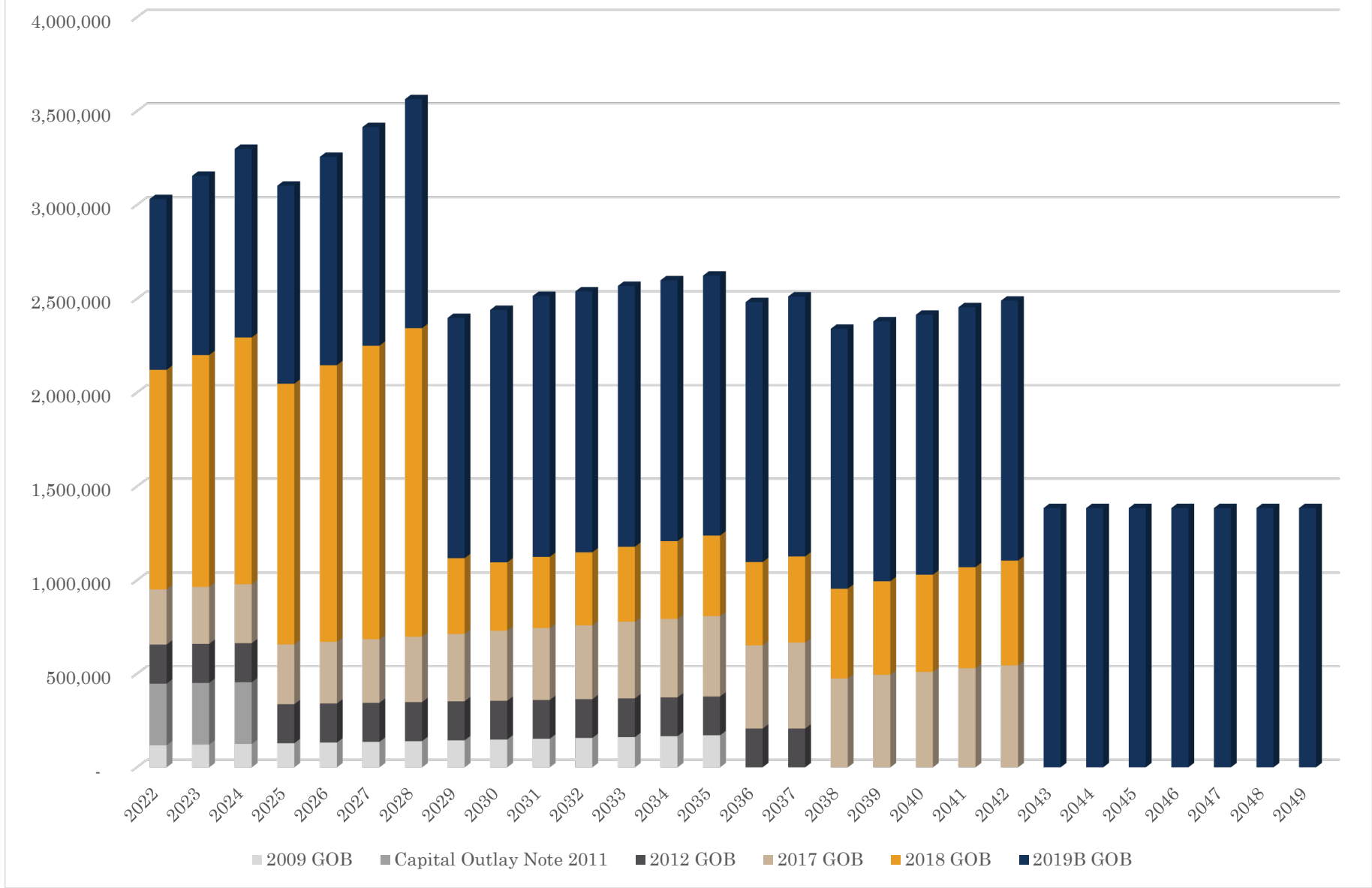
Schedule of Total Payments Morristown Utilities



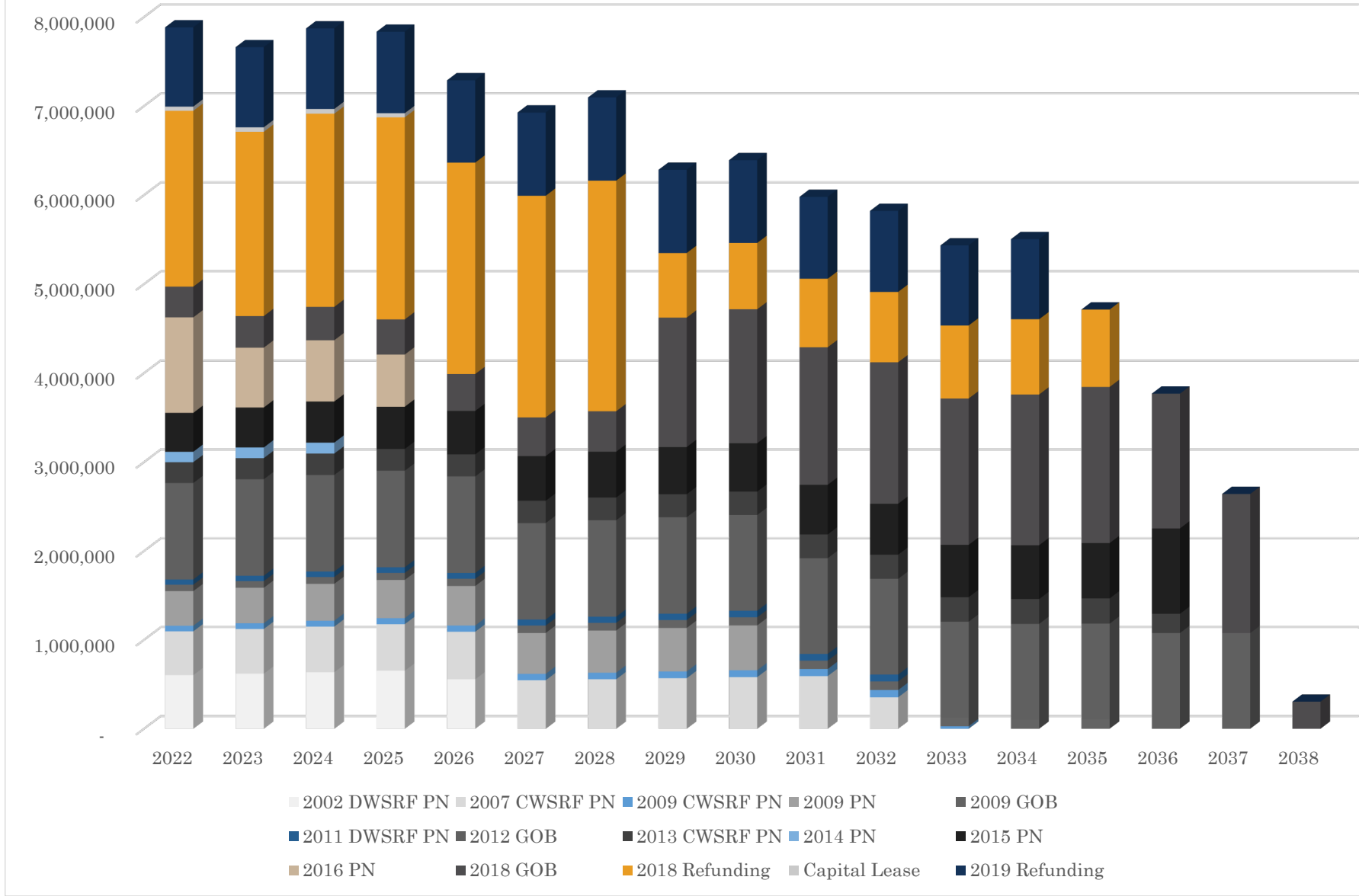
Schedule of Principal Payments Government Wide



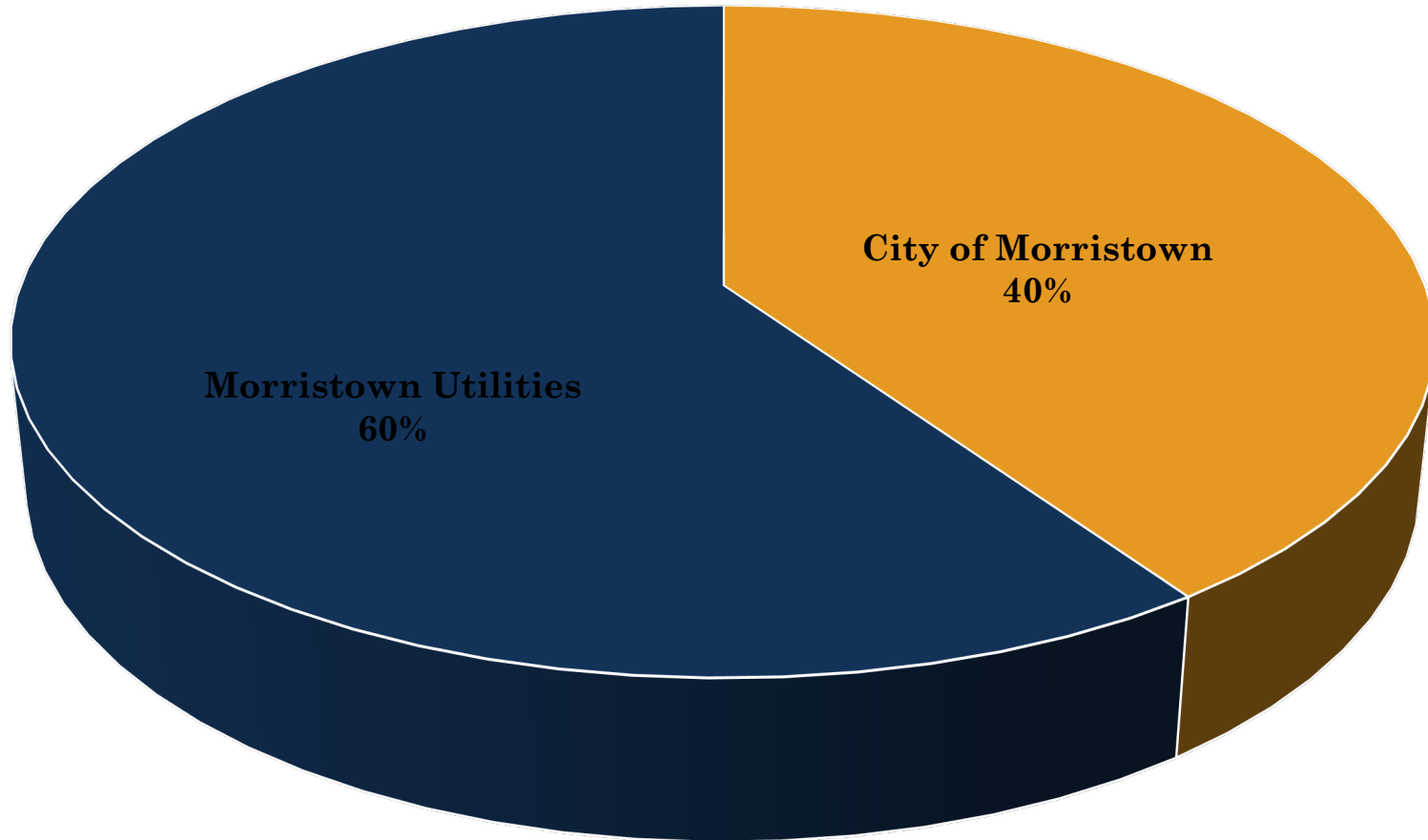
Schedule of Principal Payments City of Morristown Only



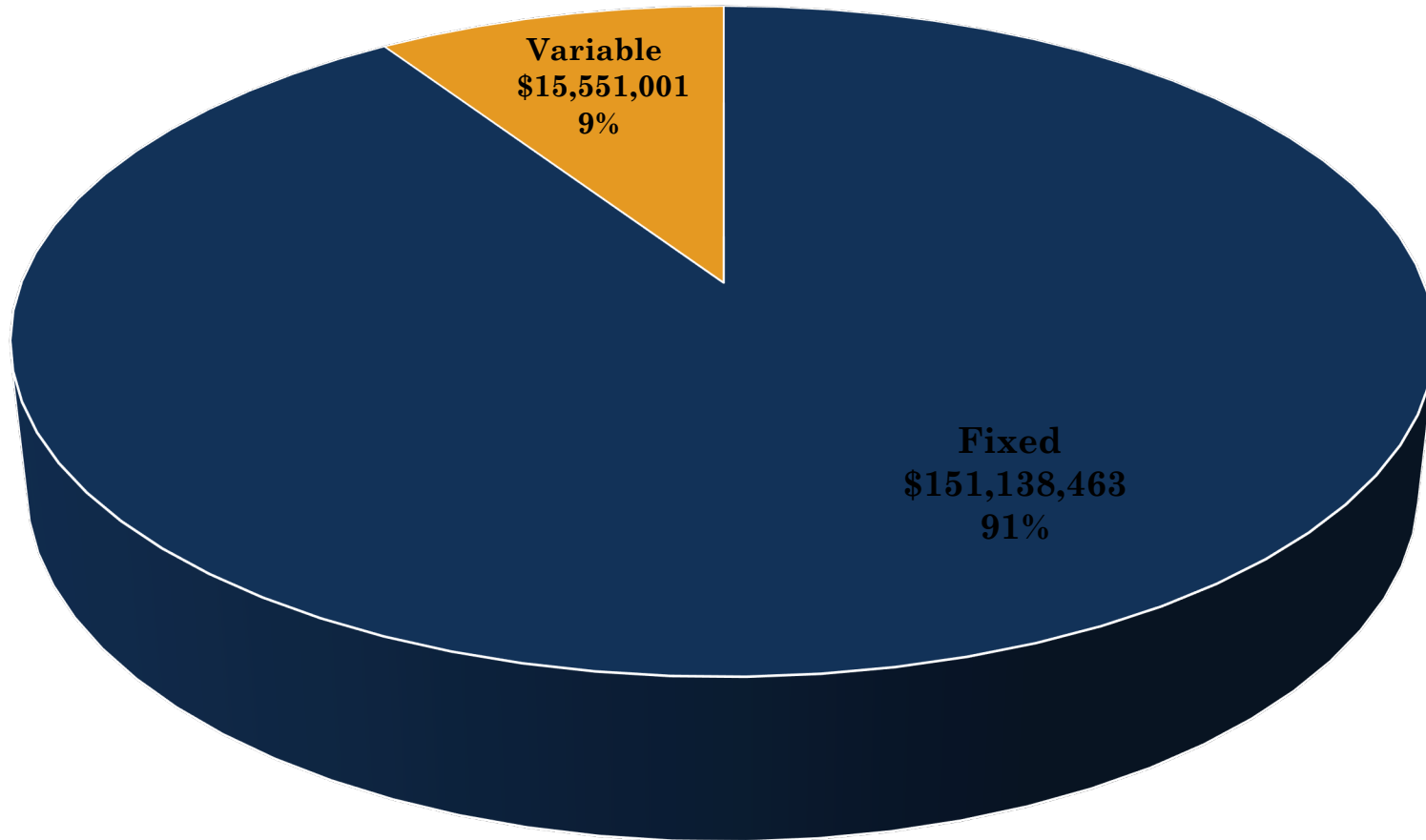
Schedule of Principal Payments Morristown Utilities



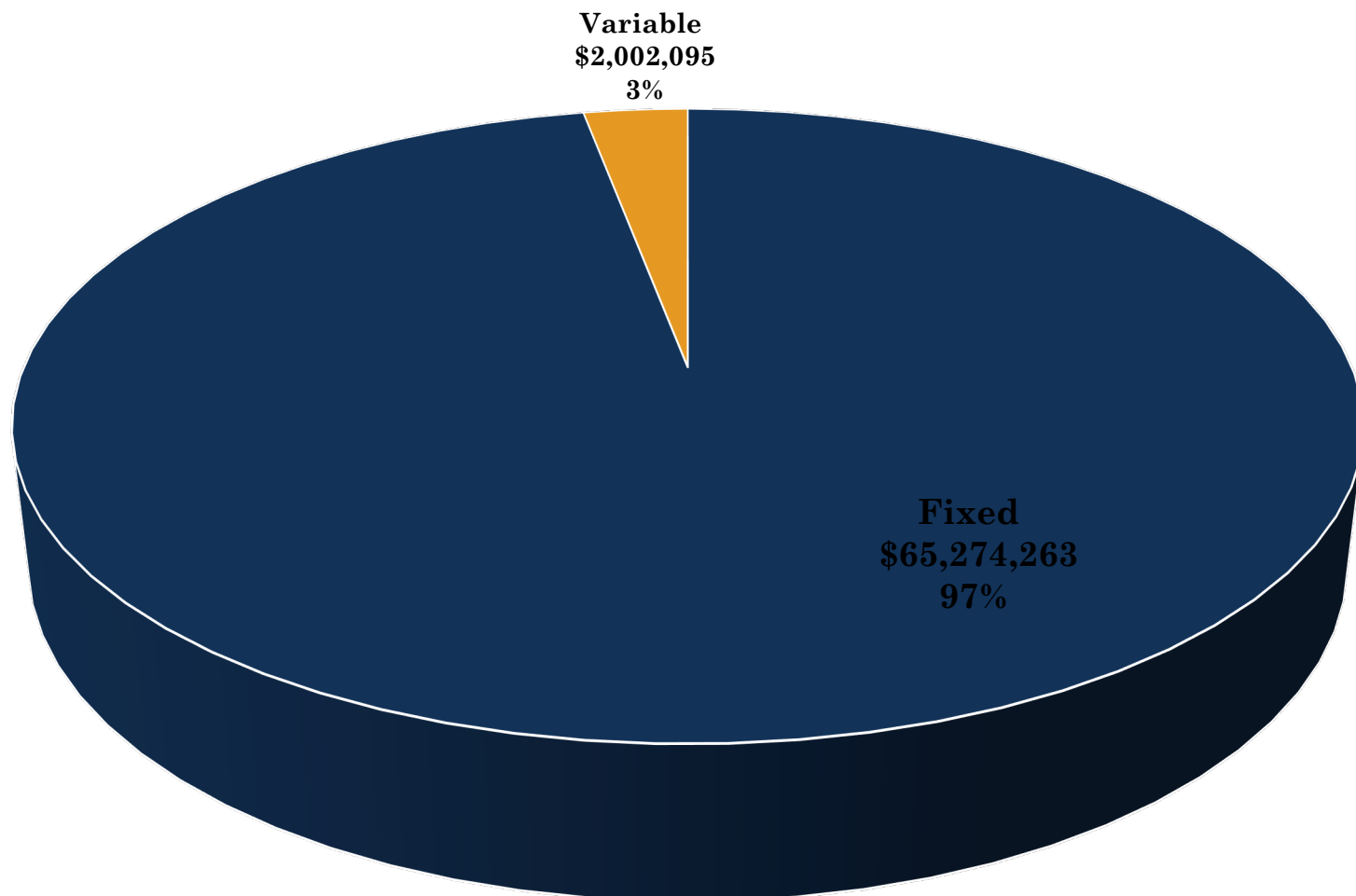
City of Morristown to Morristown Utilities Percentage
Total Outstanding Debt \$166,689,464



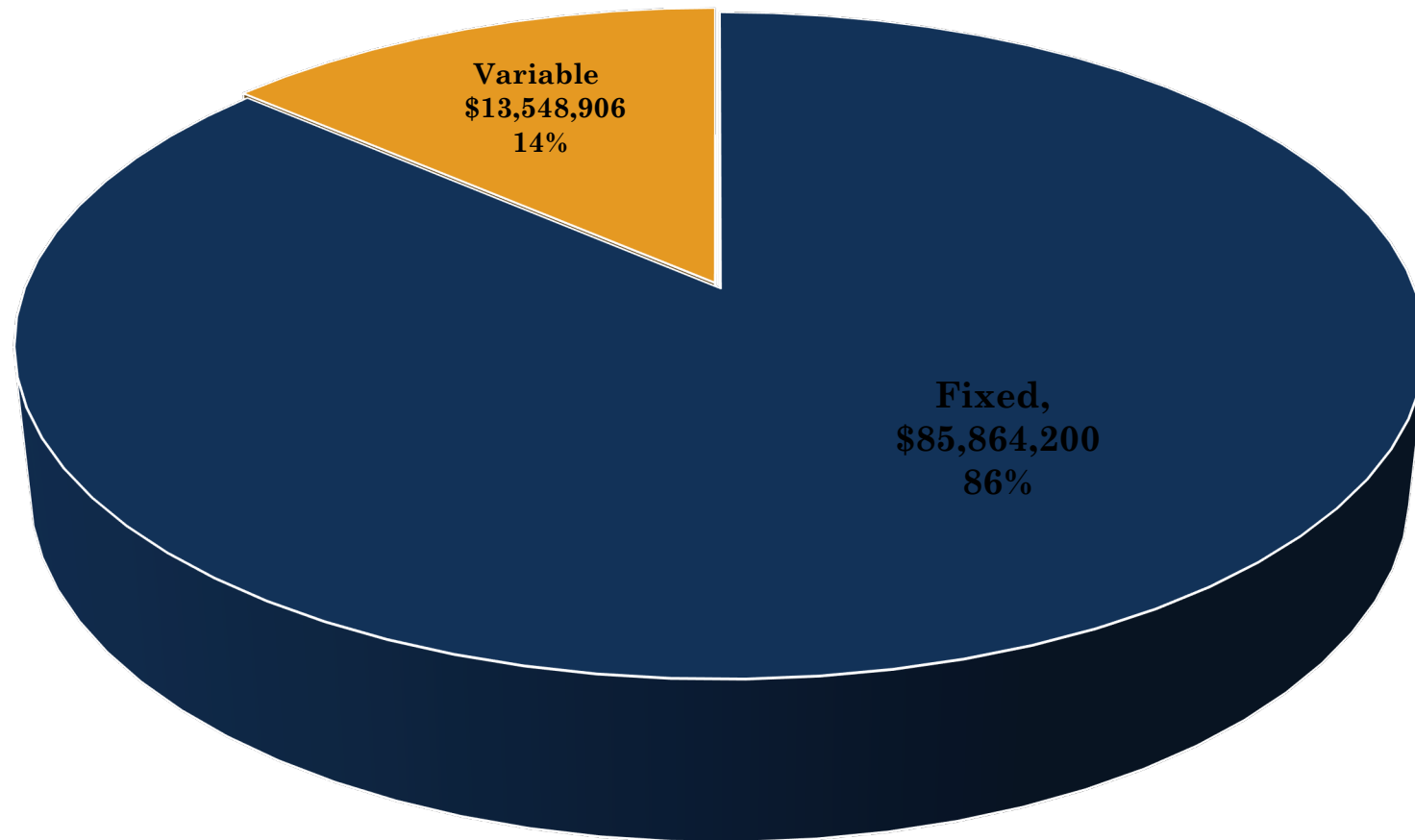
Debt Portfolio Ratios
Government Wide
Total Outstanding Debt \$166,689,464



Debt Portfolio Ratios
City of Morristown Only
Total Outstanding Debt \$67,276,358



Debt Portfolio Ratios
Morristown Utilities
Total Outstanding Debt \$99,413,106



CREDIT OPINION

10 September 2018



Contacts

Shelby Schwabauer +1.212.553.4766
Analyst
 shelby.schwabauer@moodys.com

Christopher Coviello +1.212.553.0575
VP-Senior Analyst
 christopher.coviello@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
 Asia Pacific 852-3551-3077
 Japan 81-3-5408-4100
 EMEA 44-20-7772-5454

Morristown (City of) TN

Update to credit analysis following upgrade to Aa3

Summary

Morristown TN (GOULT Aa3) benefits from an expanding local economy that will produce increased jobs and revenues for the city. The city also benefits from healthy reserve and liquidity levels and conservative budgetary practices. While socioeconomic indicators are weak, they are beginning to improve due to the city's growing economy. The city has a manageable debt burden.

Credit strengths

- » Sizable tax base which serves as the regional economic center
- » Historically balanced operations leading to healthy reserves

Credit challenges

- » Taxpayer concentration within a single industry
- » Below-average socioeconomic indicators
- » Moderate reliance on economically sensitive revenue sources

Rating outlook

Outlooks are generally not assigned to local government credits with this amount of debt outstanding.

Factors that could lead to an upgrade

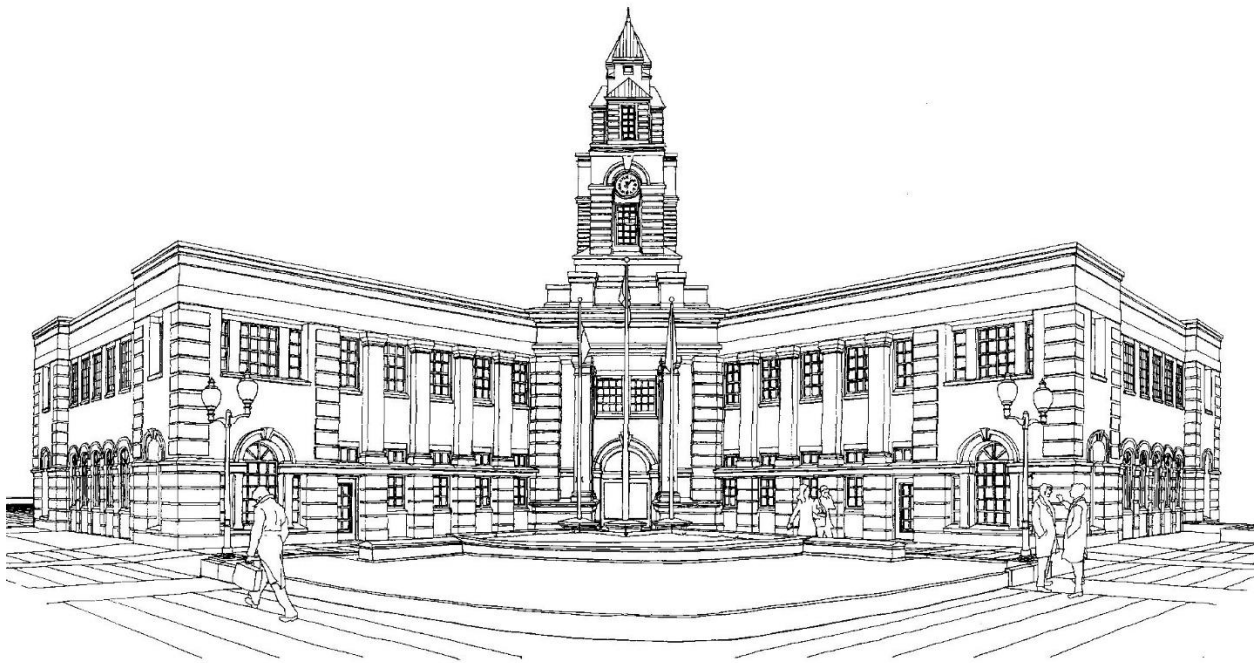
- » Significant improvement in socioeconomic indicators and reduced tax base concentration
- » Large, prolonged tax base growth
- » Reduction in debt burden

Factors that could lead to a downgrade

- » Material contraction of tax base and decline in wealth indicators
- » Significant increase in debt burden
- » Decrease in reserves below the city's fund balance policy

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.