ANDERSON COUNTY
REGULAR SESSION
COMMISSION MINUTES
JANUARY 17, 2017

BE IT REMEMBERED THAT THE ANDERSON COUNTY BOARD OF COMMISSION MET IN REGULAR SESSION ON JANUARY 17, 2017 WITH THE FOLLOWING COMMISSIONERS PRESENT: CHUCK FRITTS, TRACY WANDELL, MARK ALDERSON, RICK MEREDITH, STEVE EMERT, PHIL WARFIELD, SHAIN VOWELL, TIM ISBEL, ROBERT MCKAMEY, JERRY WHITE, WHITEY HITCHCOCK, STEVE MEAD, JERRY CREASEY, THERESA SCOTT, PHIL YAGER AND MYRON IWANSKI. ABSENT: NONE.

Prayer was led by Commissioner White.

Pledge of Allegiance was led by Commissioner Iwanski.

1. Commissioner Fritts made a motion to approve the Consent Agenda. Seconded by Commissioner Scott. Motion carried by voice vote.

- December 19, 2016 County Commission Minutes
- Notary and Notary Bonds
- Courtesy Resolutions/Proclamations
- Reports
    - Director of Schools
    - County Mayor
    - Law Director
        - Written Report
- Committee Reports
    - Finance Committee Minutes(1-9-17)
    - Budget Committee 2017/2018 Budget Guidelines and 2017 YTD use of Fund Balance Report
    - Fire Commission Minutes(1-3-17)
    - Road Committee Minutes(1-9-17)
    - Nominating Committee Minutes(1-9-17)

Notaries

G Kay Anderson-Miller

Kathy Bailey

Joseph Braden

Mary Lou Brown

Janice R Campbell

Stephanie B Davis

Katherine Flinchum

Donna Groner

Sharon K Jackson

Deborah J Lamb

Cassandra M Long

Belinda S Love

Ruby A Miller

Janet A Myers

James T Normand

Elaine Schutz

Alma Faye Sexton

Sandy Sherwood

Debra R Thompson

Leann R Tupper

Jimmie D Turner

Julia Thomas Ward

Notary Bonds

Western Surety Co

Jennifer D Schroeder

Lauren R Smith

Christopher Alan Osborn

Beverly Ann Thacker

RLI

Susan E Anderson

Angelica Pride

Marta R Monhollan

Amy Harper

John E McDonald

Travelers

Melissa B Hood

Merchants

Misty Martin

Katherine M Varela

Sondra L Devaney

Natasha Wynn

SBCA

Shirley Ann Slover

Nationwide

Meghan D Minton

State Farm

Casey Tester

American Contractors

Kelly E Randolph

2. Commissioner Fritts made a motion to approve the Regular Agenda. Seconded by Commissioner McKamey.

Commissioner Creasey made a motion to move the Road Committee and Nominating Committee off of Consent Agenda and onto Regular Agenda. Seconded by Commissioner Isbel. Motion carried by voice vote.

Commissioner Yager made a motion to add under New Business the discussion of the Daniel Arthur Building and contracts in regards to renovation for General Sessions Court. Seconded by Commissioner Creasey. Motion carried by voice vote.

Purchasing

3. Commissioner Fritts made a motion to approve a three year contract with Summit View Healthcare EMS for the period of 7/1/2016-6/30/2019 for ambulance transportation services for Summit View residents. Seconded by Commissioner Mead. Motion carried by voice vote.

4. Commissioner Isbel made a motion to approve a three year contract for the period of 7/1/2016-6/30/2019 for ambulance transportation services for NHC residents. Seconded by Commissioner McKamey. Motion carried by voice vote.

5. Commissioner Isbel made a motion to approve a five year contract for the period of 1/1/2017-12/31/2022 for software terms of service and maintenance for maintaining library records. Seconded by Commissioner Mead. Motion carried by voice vote.

Director of Schools

No action at this time.

Mayor

6. Commissioner Meredith made a motion that Commission has accepted and reviewed with the County Mayor Anderson County's debt management policy currently on file in the Comptroller of the Treasury's Office. (Exhibit A) Seconded by Commissioner White. Motion carried by voice vote.

7. Commissioner McKamey made a motion to acknowledge that Commission and the county mayor are aware that prior to the issuance of debt, an annual cash flow forecast must be prepared for the appropriate fund and submitted to the Comptroller's office. Seconded by Commissioner Mead. Motion carried by voice vote.

Law Director

No action at this time.

Elected Officials

8. Commissioner Iwanski made a motion to refer to the Budget Committee with help from Director Natalie Erb to discuss funding an additional person in the IT Department. Seconded by Commissioner Creasey. Motion carried by voice vote.

Budget Committee

9. Commissioner Fritts made a motion to approve the following school appropriations. Seconded by Commissioner Wandell. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Revenue Code:		
141-43551-SEFFS	Special Education Fees for Service	$25,000.00
Increase Expenditure Code:		
141-72200-499-SEFFS	Other Materials & Supplies-Special Ed Fees for Service	$25,000.00
Increase Revenue Code:		
141-46980	Other State Education Grants	$5,267.00
Increase Expenditure Code:		
141-72410-599	Office of Principal-Other Charges	$5,267.00
Increase Expenditure Codes:		
143-73100-425	Gasoline $700.00	
143-73100-119	Accountants & Bookkeepers	5,350.00
143-73100-105	Supervisors	3,900.00
143-73100-162	Cafeteria Clerical Staff (Managers)	20,000.00
	Total Increased Expenditures	$29,950.00
Decrease Revenue Codes:		
143-43521	Lunch Payments	$25,000.00

143-43525	A La Carte Sales	$45,000.00
143-47111USDA	Lunch Reimbursement	45,000.00
143-47113USDA	Breakfast Reimbursement	55,550.00
143-47114USDA	Snack Reimbursement	13,500.00
	Total Decreased Revenues	$184,050.00
Decrease Expenditure Codes:		
143-73100-499	Other Supplies	$13,000.00
143-73100-422	Food Supplies	70,000.00
143-73100-336	Maintenance & Repairs	6,000.00
143-73100-207	Medical Insurance	36,000.00
143-73100-165	Cafeteria Personnel	89,000.00
	Total Decreased Expenditures	$214,000.00

10. Commissioner Fritts made a motion to approve the following non-school appropriations. Seconded by Commissioner Isbel. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Revenue Code:		
101-49700	Insurance Recovery	$6,703.90
Increase Expenditure Code:		
101-51730-335	Building Maintenance & Repairs	$6,703.90
Increase Expenditure Code:		
101-55160-709	Dental Health Data Processing Equipment	$28,500.00
Decrease Reserve Code		
101-39000	Restricted for Health Dept. Improvements	$28,500.00

(amendment will be from 101-34530-2000 and a JE will replenish the reserve for 39000)

Increase Expenditure Code:		
101-52300-305	Audit Services	$20,000.00
Decrease Reserve Code:		
101-39000	Committed for Property Assessor	$20,000.00
Increase Expenditure Code:		
101-52300-331	Legal Services	$15,000.00
Decrease Reserve Code:		
101-39000	Committed for Property Assessor	$15,000.00

(amendment will be from 101-34615-1000 and a JE will replenish the reserve for 39000)

11. Commissioner Fritts made a motion to approve the following non-school transfers. Seconded by Commissioner Hitchcock. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Expenditure Code:		
101-51720-169	Planning-Part time	$24,000.00
Decrease Expenditure Codes:		
101-81720-189	Planning-Other Salaries & Wages	$24,000.00

Increase Expenditure Code:
101-53400-307

Decrease Expenditure Codes:
101-53800-307
101-53800-414

101-53400-307	Chancery Court Communication	$850.00
101-53800-307	Probate Court Communication	$500.00
101-53800-414	Probate Court Duplicating Supplies	350.00
	Total Expenditures Decreased	$850.00

12. Commissioner Scott made a motion to take the general fund unassigned fund balance appropriations separately. Seconded by Commissioner Mead. Motion carried by voice vote.

13. Commissioner Fritts made a motion to approve the following general fund unassigned fund balance appropriation. Seconded by Commissioner Warfield. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Expenditure Code:
101-51400-331 — County Attorney-Legal Services — $11,010.49

Decrease Reserve Code:
101-39000 — Unassigned Fund Balance — $11,010.49

14. Commissioner White made a motion to approve the following general fund unassigned fund balance appropriation. Seconded by Commissioner Fritts. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Expenditure Code:
101-51900-530 — Other General Administration-Fines, Assessments, Penalties — $13,027.52

Decrease Reserve Code:
101-39000 — Unassigned Fund Balance — $13,027.52

15. Commissioner Fritts made a motion to approve the following general fund unassigned fund balance appropriation. Seconded by Commissioner Scott. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Expenditure Code:
101-51900-316 — Other General Administrative-Contributions — $9,151.00

Decrease Reserve Code:
101-39000 — Unassigned Fund Balance — $9,151.00

16. Commissioner Isbel made a motion to approve the following general fund unassigned fund balance appropriation. Seconded by Commissioner Scott. Voting aye: Fritts, Wandell, Alderson,

Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Expenditure Code:		
101-51900-316	Other General Administration – Contributions	$10,000.00
Decrease Reserve Code:		
101-39000	Unassigned Fund Balance	$10,000.00

17. Commissioner White made a motion to approve the following general fund unassigned fund balance appropriations. Seconded by Commissioner McKamey. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

Increase Expenditure Code:		
101-51300-331	Legal Services	$10,000.00
Decrease Reserve Code:		
101-39000	Unassigned Fund Balance	$10,000.00

18. Commissioner Scott made a motion to approve the following general fund unassigned fund balance appropriation. Seconded by Commissioner Creasey. Voting aye: Fritts, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: Wandell. Motion passed.

Increase Expenditure Code		
101-51100-118-CHTR	Secretary to Board	$900.00
101-51100-331-CHTR	Legal Services	4,000.00
101-51100-332-CHTR	Legal Notices	100.00
	Total Expenditures Increased	$5,000.00
Decrease Reserve Code:		
101-39000	Unassigned Fund Balance	$5,000.00

19. Commissioner White made a motion that the following general fund appropriation be approved as submitted. Seconded by Commissioner Mead. Voting aye: Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: Fritts. Motion passed.

Increase Expenditure Codes:		
101-52400-162-1000	Personnel	$4,000.00
101-52400-169-1000	Part Time	750.00
101-52400-201-1000	Social Security	300.00
101-52400-204-1000	Retirement	296.00
101-52400-207-1000	ST Disability	30.00
101-52400-210-1000	Unemployment	48.00
101-52400-212-1000	Medicare	100.00
101-52400-355-1000	Travel	1,250.00

101-52400-399-1000	Other Contracted Services	$ 2,000.00
101-52400-435-1000	Office Supplies	1,500.00
101-52400-524-1000	Staff Development	400.00
101-52400-709-1000	Data Processing Equipment	1,666.00
101-52400-711-1000	Furniture and Fixtures	2,000.00
101-52400-499-1000	Other Supplies and Materia	800.00
	Total Increased Expenditures	$15,140.00

<u>Decrease Reserve Code:</u>

101-39000	Unassigned Fund Balance	$15,140.00

20. Commissioner Scott made a motion to approve the following appropriation for the VOCA Grant. Seconded by Commissioner White. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

<u>Increase Reserve Codes:</u>

363-47590-VOCA	Federal through state VOCA Grant	$37,658.00
363-49800	Operating Transfer-Transfer In	1,557.67
	Total Decreased Reserve	$39,215.67

<u>Increase Expenditure Codes</u>

363-53600-105-VOCA	Salary-Clerical	$16,308.00
363-53600-201-VOCA	Social Security	1,011.10
363-53600-204-VOCA	Retirement	1,206.79
363-53600-206-VOCA	Life Insurance	51.00
363-53600-207-VOCA	Medical Insurance	5,590.00
363-53600-208-VOCA	Dental Insurance	247.92
363-53600-209-VOCA	S/T Disability	66.39
363-53600-210-VOCA	Unemployment	108.00
363-53600-212-VOCA	Medicare	236.47
363-53600-355-VOCA	Travel	3,300.00
363-53600-499-VOCA	Other Material/Supplies	7,840.00
363-53600-599-VOCA	Other Charges	3,250.00
	Total Increased Expenditures	$39,215.67

21. Commissioner Iwanski made a motion to accept the CMAQ Anderson County Cleaner Operations Vehicles with Propane Award for Motor Pool and Buildings and Grounds. The grant is for $60,204.00 in grant revenue through the Transportation Improvement Plan with matching funds of $20,051.00 on behalf of the county. Seconded by Commissioner Mead. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

<u>Operations Committee</u>

22. Commissoner Isbel made a motion to approve resolution 17-01-616 to amend the international building code (R313.1&2) related to automatic sprinkler systems. (Exhibit B) Seconded by Commissioner Warfield. Motion carried by voice vote.

23. Commissioner Isbel made a motion to endorse the make-up of a Task Force to gather information regarding a Justice Center. Seconded by Commissioner McKamey. Motion carried by voice vote.

24. Commissioner Isbel made a motion to approve resolution 17-01-615 a grant to assist local libraries, records and archives departments. (Exhibit C) Seconded by Commissioner Creasey. Motion carried by voice vote.

Nominating Committee

25. Commissioner Alderson made a motion to nominate Theresa Venable to the Library Board. Seconded by Commissioner Isbel. Motion carried by voice vote.

26. Commissioner Alderson made a motion to nominate for Conservation Board Henry Tackett to replace Karen Lively for the remainder of her term ending 12/2017 and Terry Brown for a full term ending 12/2021. Seconded by Commissioner Scott. Motion carried by voice vote.

New Business

27. Commissioner Yager made a motion to complete the contract with Michael Brady to prepare a bid package for renovation at Daniel Arthur Building for General Sessions Court for $22,000.00. Seconded by Commissioner Iwanski. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

28. Commissioner Yager made a motion for Michael Brady to work with Purchasing Department and solicit bids for renovation on Daniel Arthur Building for General Sessions Court. Seconded by Commissioner Scott. Voting aye: Fritts, Wandell, Alderson, Meredith, Emert, Warfield, Vowell, Isbel, McKamey, White, Hitchcock, Mead, Creasey, Scott, Yager and Iwanski. Voting no: none. Motion passed.

29. Commissioner Scott made a motion to write a resolution parallel to the schools opposing a Voucher Program in Tennessee that would divert money intended for public education to private schools. (Exhibit D) Seconded by Commissioner Meredith. Motion carried by voice vote unanimously.

Old Business

No action at this time.

Road Committee

30. Commissioner Alderson made a motion to accept Harbor Club Place into the county road system. Seconded by Commissioner Scott. Motion carried by voice vote.

Meeting adjourned.

Steven R Emert, Chairman
County Commission

Jeff Cole
County Clerk

EXHIBIT PAGE

EXHIBIT A: DEBT MANAGEMENT POLICY

EXHIBIT B: RESOLUTION TO AMEND THE INTERNATIONAL BUILDING CODE (R313.1&2) RELATED TO AUTOMATIC SPRINKLER SYSTEMS.

EXHIBIT C: RESOLUTION TO SUPPORT GRANTS TO ASSIST LOCAL LIBRARIES, RECORDS AND ARCHIVES DEPARTMENTS.

EXHIBIT D: RESOLUTIONS FOR VOUCHER PROGRAM

*ALL ORIGINAL CERTIFIED COPIES OF DOCUMENTS ARE FILED IN THE COUNTY CLERKS CLINTON LOCATION LOCATED IN COURTHOUSE ROOM 111.

EXHIBIT

A

ANDERSON COUNTY TENNESSEE

Debt Management Policy

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

INTRODUCTION

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

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

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

ANDERSON COUNTY, TENNESSEE
DEBT MANAGEMENT POLICY

I. INTRODUCTORY STATEMENT

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

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

II. GOALS AND OBJECTIVES

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

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

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

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

III. PROCEDURES FOR ISSUANCE OF DEBT

1) Authority

a. The County will only issue Debt by utilizing the statutory authorities provided by *Tennessee Code Annotated* as supplemented and revised ("TCA") and the Internal Revenue Code (the "Code").

b. The County will adhere to any lawfully promulgated rules and regulations of the State and those promulgated under the Code.

c. All Debt must be formally authorized by resolution of the County's Legislative Body.

2) Transparency

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

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

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

IV. CREDIT QUALITY AND CREDIT ENHANCEMENT

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

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

1) Insurance

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

2) Letters of Credit

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

V. AFFORDABILITY

The County shall consider the ability to repay Debt as it relates to the total budget resources, the wealth and income of the community and its property tax base and other revenues available to service the Debt. The County may consider debt ratios and other benchmarks compared to its peers when analyzing its Debt including materials published by the nationally recognized credit rating agencies.

VI. DEBT STRUCTURE

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

1) Term

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

2) Capitalized Interest

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

3) Debt Service Structure

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

4) Balloon Debt

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

5) Call Provisions

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

6) Original Issuance Discount/Premium

Debt with original issuance discount/premium will be permitted.

7) Deep Discount Bonds

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

VII. DEBT TYPES

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

1) Security Structure

a. General Obligation Bonds

The County may issue Debt supported by its full faith, credit and unlimited ad valorem taxing power ("General Obligation Debt"). General Obligation Debt shall be used to finance capital projects that do not have significant independent creditworthiness or significant on-going revenue streams or as additional credit support for revenue-supported Debt, if such support improves the economics of the Debt and is used in accordance with these guidelines.

b. Revenue Debt

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

c. Capital Leases

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

2) Duration

a. Long-Term Debt

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

i. *Serial and Term Debt.* Serial and Term Debt may be issued in either fixed or variable rate modes to finance capital infrastructure projects;

ii. *Capital Outlay Notes ("CONs").* CONs may be issued to finance capital infrastructure projects with an expected life up to twelve years; or

iii. *Capitalized Leases.* Capitalized Leases may be issued to finance infrastructure projects or equipment with an expected life not greater than its expected useful life.

b. Short-Term Debt

Short-term borrowing may be utilized for:

i. Financing short economic life assets;

ii. The construction period of -long-term projects;

iii. For interim financing; or

iv. For the temporary funding of operational cash flow deficits or anticipated revenues subject to the following policies:

a. *Bond Anticipation Notes ("BANs"). BANs,* including commercial paper notes issued as BANs, may be issued instead of capitalizing interest to reduce the debt service during the construction period of a project or facility. The BANs shall not mature more than 2 years from the date of issuance. BANs can be rolled in accordance with federal and state law. BANs shall mature within 6 months after substantial completion of the financed facility.

b. *Revenue Anticipation Notes ("RANs") and Tax Anticipation Notes ("TANs").* RANs and TANS shall be issued only to meet cash flow needs consistent with a finding by bond counsel that the sizing of the issue fully conforms to federal IRS and state requirements and limitations.

c. *Lines of Credit.* Lines of Credit shall be considered as an alternative to other short-term borrowing options. A line of credit shall only be structured to federal and state requirements.

d. *Interfund Loans.* Interfund Loans shall only be used to fund operational deficiencies among accounts or for capital projects to be paid from current fiscal year revenues. Such interfund loans shall be– approved by the State Comptroller's office and shall only be issued in compliance with state regulations and limitations.

e. *Other Short-Term Debt.* Other Short-Term Debt including commercial paper notes, BANs, Capitalized Leases and CONs may be used when it provides an interest rate advantage or as interim financing until market conditions are more favorable to issue debt in a fixed or variable rate mode. The County will determine and utilize the most advantageous method for short-term borrowing. The County may issue short-term Debt when there is a defined repayment source or amortization of principal.

3) <u>Interest Rate Modes</u>

a. **Fixed Rate Debt**

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

b. **Variable Rate Debt**

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

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

i. *Asset-Liability Matching;*

ii. *Construction Period Funding;*

iii. *High Fixed Interest Rates*. Interest rates are above historic averages;

iv. *Diversification of Debt Portfolio;*

v. *Variable Revenue Stream*. The revenue stream for repayment is variable and is anticipated to move in the same direction as market-generated variable interest rates or the dedication of revenues allows capacity for variability; and

vi. *Adequate Safeguard against Risk.* Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts such structures could include, but are not limited to, interest rate caps and short-term cash investments in the County's General Fund.

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

4) Zero Coupon Debt

Zero Coupon Debt may be used if an analysis has been conducted by the Mayor and Finance Director and/or Financial Professionals, if any, and the risks and returns associated with the Zero Coupon Debt have been made. The analysis shall include, but not be limited to a recommendation regarding the use of Zero Coupon Debt as the most feasible instrument considering available revenues streams, the need for the project and other factors determined by the Legislative Body.

5) Synthetic Debt

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

VIII. REFINANCING OUTSTANDING DEBT

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

1) Debt Service Savings

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

2) Balloon Debt

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

3) Restructuring for economic purposes

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

4) Term of Refunding Issues

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

5) Escrow Structuring

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

6) Arbitrage

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

IX. METHODS OF ISSUANCE

The Mayor and Finance Director may consult with a Financial Professional regarding the method of sale of Debt. Subject to approval by the Legislative Body, the Mayor and Finance Director will determine the method of issuance of Debt on a case-by-case basis consistent with the options provided by prevailing State law.

1) Competitive Sale

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

In a competitive sale, a financial advisor may bid on an issue for which they are providing advisory services

2) Negotiated Sale

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

a. State requirements on negotiated sales;

b. Debt structure which may require a strong pre-marketing effort such as those associated with a complex transaction generally referred to as a "story" bond;

c. Size or structure of the issue which may limit the number of potential bidders;

d. Market conditions including volatility wherein the County would be better served by the flexibility afforded by careful timing and marketing such as is the case for Debt issued to refinance or refund existing Debt;

e. Whether the Debt is to be issued as variable rate obligations or perhaps as Zero Coupon Debt;

f. Whether an idea or financing structure is a proprietary product of a single firm;

g. In a publicly offered or privately placed, negotiated sale, a financial advisor, if any, shall not be permitted to resign as the financial advisor in order to underwrite or privately place an issue for which they are or have been providing advisory services;

h. The underwriter shall clearly identify itself in writing as an underwriter and not as a financial advisor from the earliest stages of its relationship with the County with respect to the negotiated issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's length commercial transaction and that it has financial and other interests that differ from those of the County. The underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Legislative Body (or its designated official) in advance of the pricing of the debt.

3) Private Placement

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

X. PROFESSIONALS

1) Financial Professionals

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

a. relevant experience with municipal government issuers and the public sector;

b. indication that the firm has a broadly based background and is therefore capable of balancing the County's overall needs for continuity and innovation in capital planning and Debt financing;

c. experience and demonstrated success as indicated by its experience;

d. the firm's professional reputation;

e. professional qualifications and experience of principal employees; and

f. the estimated costs, but price should not be the sole determining factor.

2) Miscellaneous

a. Written Agreements

i. Any Financial Professionals engaged by the County shall enter into written agreements including, but not limited to, a description of services provided and fees and expenses to be charged for the engagement.

ii. The County shall enter into an engagement letter agreement with each lawyer or law firm representing the County in a debt transaction. No engagement letter is required for any lawyer who is an employee of the County or lawyer or law firm which is under a general appointment or contract to serve as counsel to the County. The County does not need an engagement letter with counsel not representing the County, such as underwriters' counsel.

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

b. Conflict of Interest

i. Financial Professionals involved in a debt transaction hired or compensated by the County shall be required to disclose to the County existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisors, swap advisors, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the County to appreciate the significance of the relationships.

ii. Financial Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

XI. COMPLIANCE

1) Continuing Annual Disclosure

Normally at the time Debt is delivered, the County will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the publicly traded Debt to provide certain financial information relating to the County by not later than twelve months after each of the County's fiscal years, (the "Annual Report and provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the MSRB through the operation of the Electronic Municipal Market Access system ("EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the County is unable to provide the Annual Report to the MSRB and any SID by the date required, notice of each failure will be sent to the MSRB and any SID on or before such date. The notices of certain enumerated events will be filed by the County with the MSRB through EMMA and any SID. The specific nature of the information to be contained in the Annual Report or the notices of significant events is provided in each Continuing Disclosure Certificate. These covenants are made in order to assist underwriters in complying with SEC Rule 15c2-12(b) (the "Rule").

2) Arbitrage Rebate

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

3) Records

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

4) Internal Controls

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

XII. DEBT POLICY REVIEW

1) General Guidance

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

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

2) Designated Official

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

EXHIBIT A

ANDERSON COUNTY
TENNESSEE

Balloon Debt Management Plan

TABLE OF CONTENTS

Anderson County, Tennessee
Balloon Debt Management Plan

I. INTRODUCTION

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

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

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

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

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

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

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

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

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

II. GOALS AND OBJECTIVES

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

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

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

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

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

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

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

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

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

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

III. HISTORY

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

COUNTY'S GENERAL FUND DEBT

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

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

Impact of Outstanding Balloon Debt

- Due to its low cash position experienced during the Great Recession, the County implemented its current General Fund - Fund Balance Policy. This policy has resulted in the County's General Fund balance to be over $10,000,000 of restricted and unrestricted funds at year ended June 30, 2016.

- The County also placed a stronger emphasis on funding the Capital Project Fund to fund smaller projects and equipment purchase since nearly all of the revenues of the General Debt Service Fund are utilized until 2035.

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

RURAL SCHOOL DEBT SERVICE FUND (Rural Elementary School)

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

a. In 2011, the County refunded existing variable rate debt paid from the Rural Debt Service Fund (RDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the RDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.
b. The County also issued new debt in 2011 to fund renovations and expansions and new construction with the County's school system. That debt was structured as Balloon Debt to delay the repayment of a majority of the principal.
c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

Impact of Outstanding Balloon Debt

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

The total annual payments are approximately level until 2026, then the payments decrease by approximately $540,000 per year. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2027 and annual debt service cannot exceed $540,000 during the period 2027 to 2031. See attached County RDSF (Rural Elementary School) Debt Chart.

EDUCATION DEBT SERVICE FUND (Rural High School)

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

a. In 2011, the County refunded existing variable rate debt paid from the Education Debt Service Fund (EDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the EDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.

b. The County also issued new debt in 2011 to finance renovations and expansions and new construction within the County's school system. That debt was structured as Balloon Debt to delay the repayment of a majority of the principal.
c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

Impact of Outstanding Balloon Debt

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

The total annual payments are approximately level until 2031 when the payments on the outstanding debt are complete. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2031. See attached County EDSF (Rural High School) Debt Chart.

GENERAL PURPOSE SCHOOL FUND DEBT

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

The small amount of General Purpose School Fund debt will be retired in in 2022. See attached General Purpose School Fund Debt Chart.

IV. PROCEDURE

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

If it is determined that is in the public interest to issue New Debt, as defined under the "New Debt" heading below, or Outstanding Balloon Debt, as defined under the "Outstanding Balloon Debt" heading below, that results in an extension of the original final maturity, as defined below, as Balloon Debt, the County Mayor will present a Plan of Balloon Indebtedness, as defined below, as prepared by the County's staff and/or its supporting financial professionals, to the appropriate County Committee.

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

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

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

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

New Debt

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

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

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

The County Commission shall also consider:

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

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

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

Outstanding Balloon Debt

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

- restructuring;

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

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

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

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

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

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

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

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

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

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

- a schedule(s) or graph(s) showing whether the proposed structure, when compared to a level debt structure:
  - increases the interest cost for a capital project,
  - reduces future available debt capacity, or

decreases the financial flexibility of the County Commission to use its revenue streams for other purposes compared to a level debt structure.

V. DEBT PLAN REVIEW

1) General Guidance

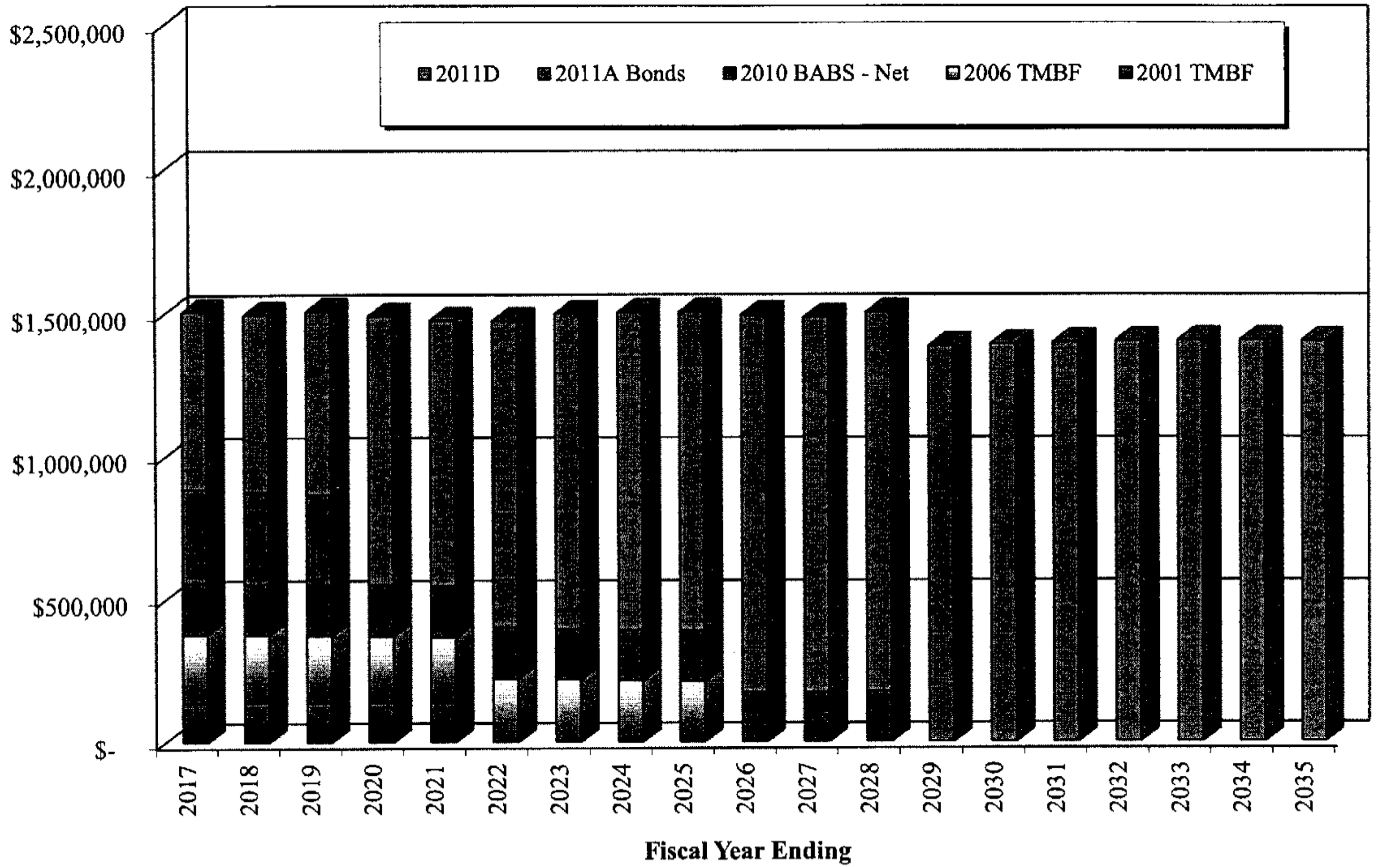
The guidelines outlined herein are only intended to provide general direction regarding the future issuance of Debt. The County Commission maintains the right to modify this Debt Plan and may make exceptions to any of its guidelines at any time to the extent that the execution of such Debt achieves the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

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

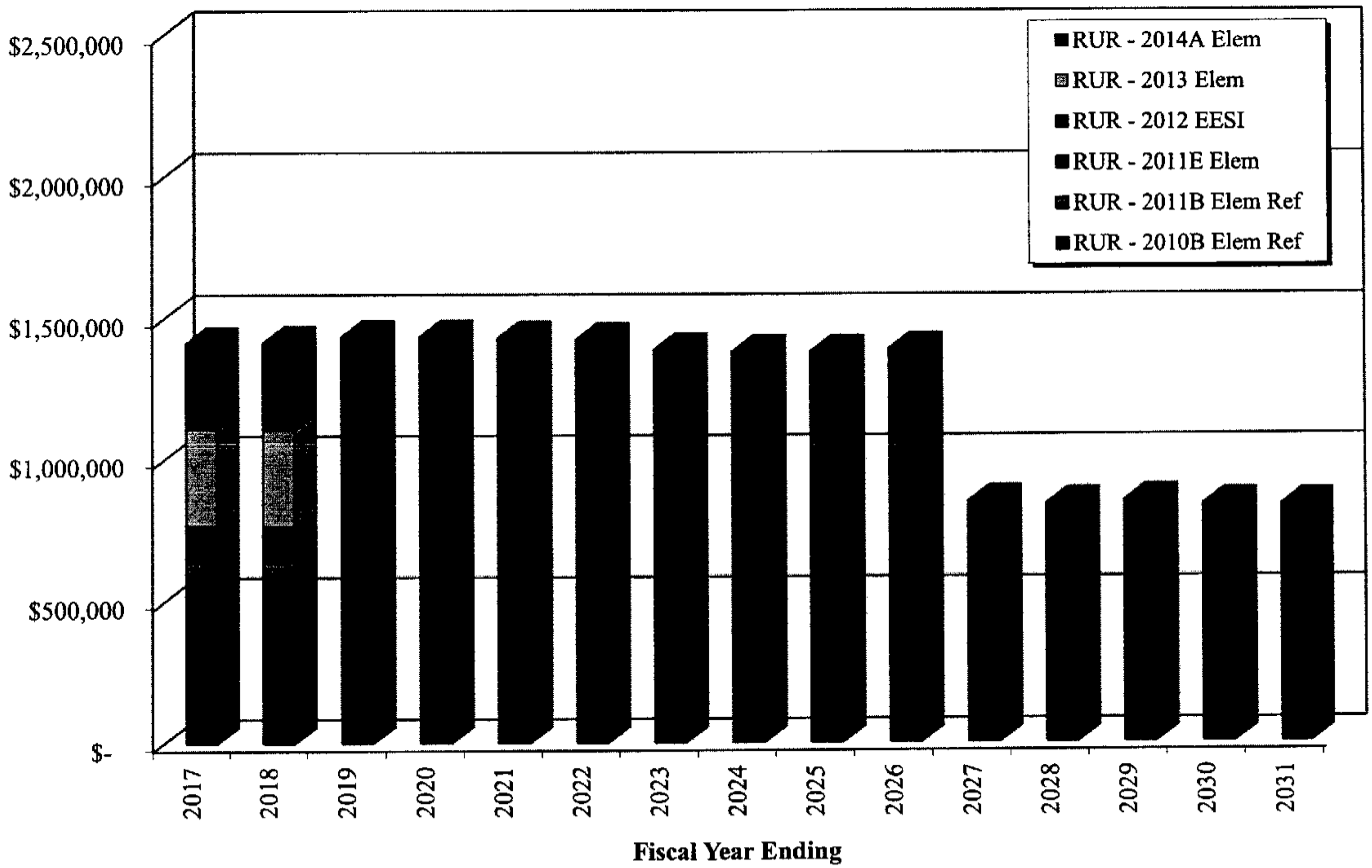
2) Designated Official

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

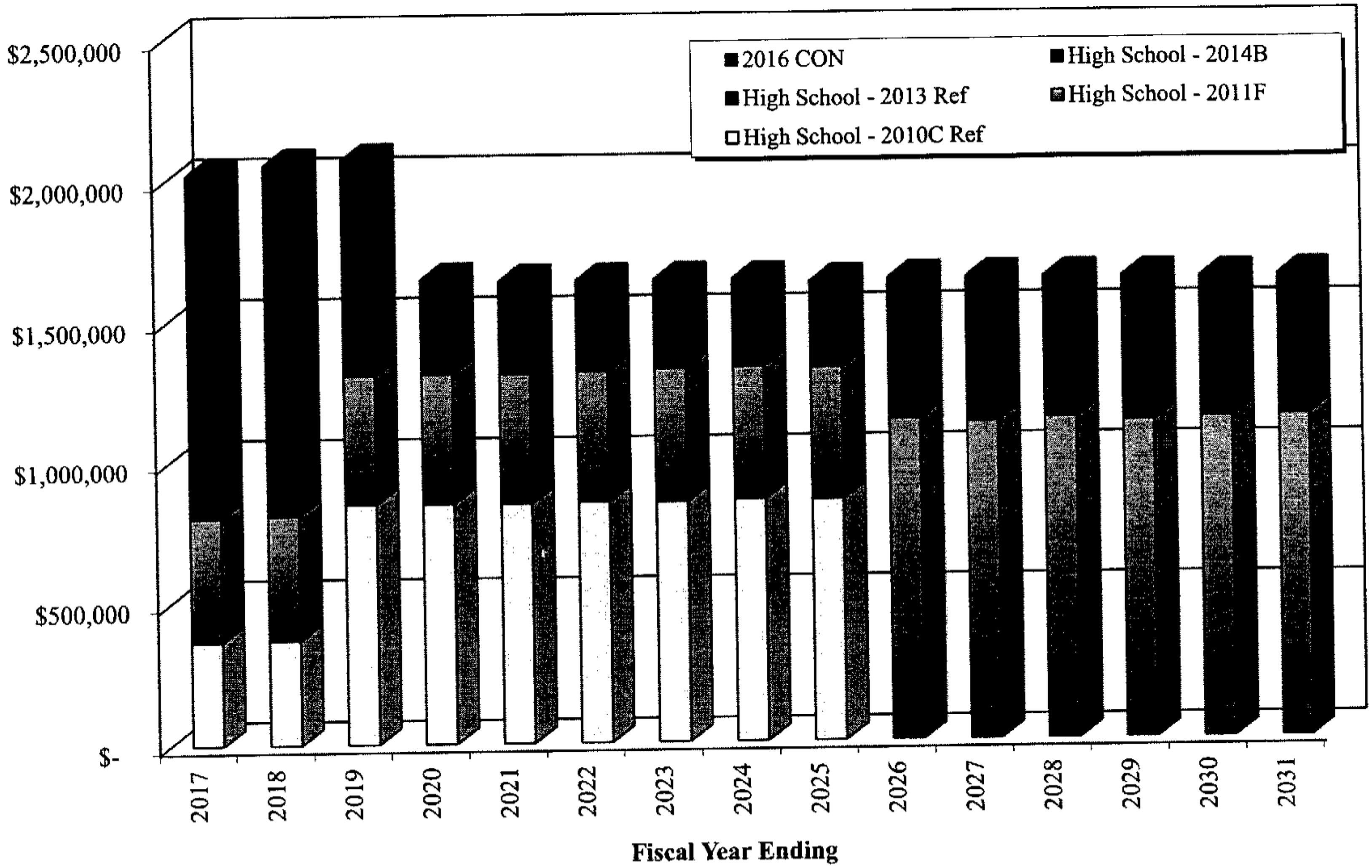
Anderson County, Tennessee
Total Combined Outstanding Debt Service - General Fund



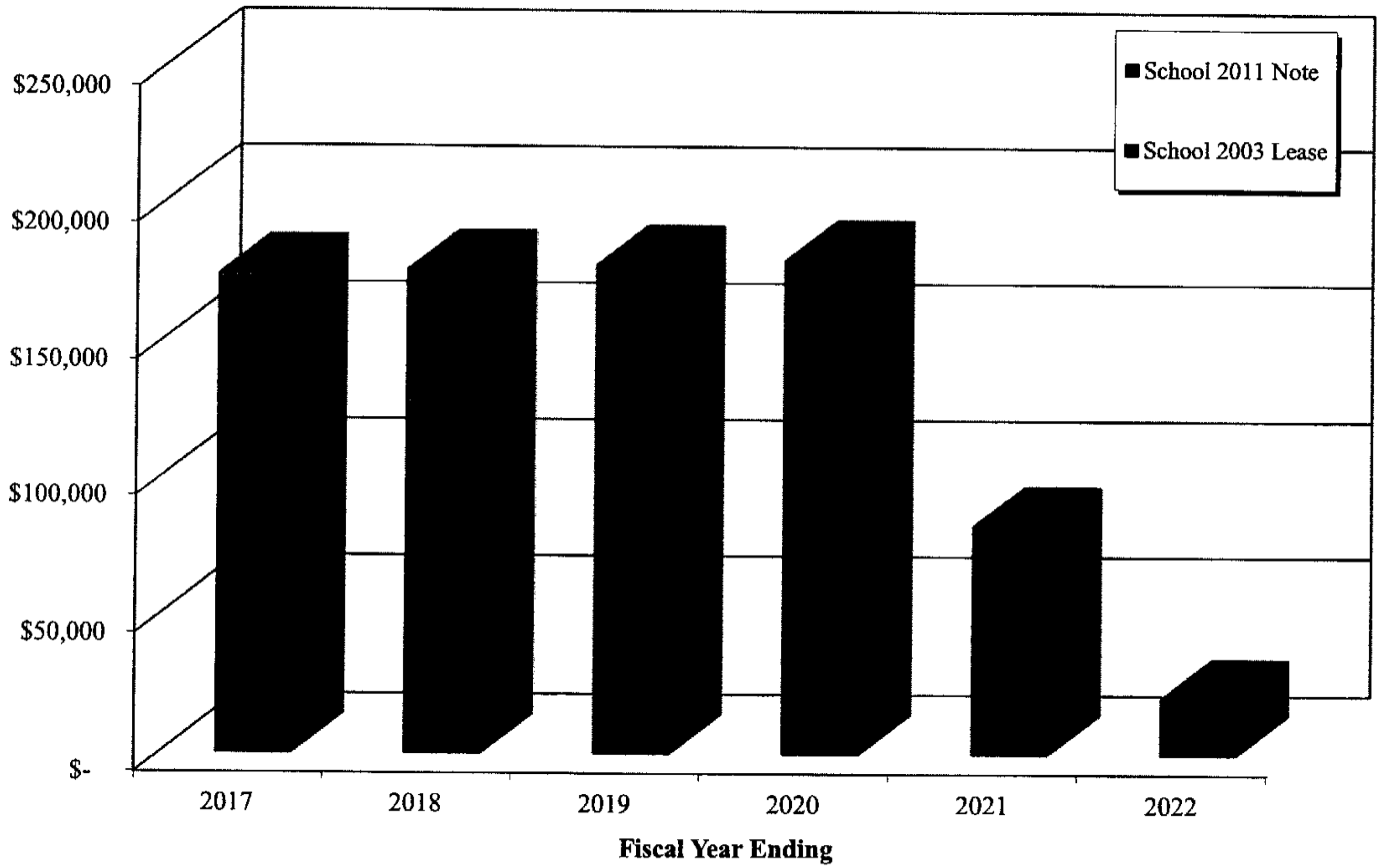
Anderson County, Tennessee
Total Combined Outstanding Debt Service - Rural School Debt Service Fund



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



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



Anderson County, Tennessee
Board of Commissioners

EXHIBIT

B

RESOLUTION NO. 17-01-616

RESOLUTION TO AMEND THE INTERNATIONAL BUILDING CODE (R313.1&2) RELATED TO AUTOMATIC SPRINKLER SYSTEMS

WHEREAS, the International Building Code (IBC) and Residential Code (IRC) are currently adopted as the standardized building codes for Anderson County; and

WHEREAS, the Anderson County Building Commissioner has received notification from the State of Tennessee that the IRC needs to be amended pursuant to new regulations at the state level that do not require automatic sprinkler systems in one and/or two family dwellings, or in townhouses that have two-hour fire resistant rated wall(s) between units; and

NOW THEREFORE, BE IT RESOLVED by the Anderson County Board of Commissioners meeting in regular session this 17th day of January 2017 that we hereby amend the International Residential Code Section R313.1 to replace the existing exception with the following language:

> An automatic residential fire sprinkler system shall not be required if a two (2) hour fire resistance rated wall exists between units, if such walls do not contain plumbing and/or mechanical equipment, ducts, or vents in the common wall.

BE IT FURTHER RESOLVED that the existing IRC Section R313.2 is deleted as it relates to Automatic Sprinkler Systems in one and two family dwellings.

RESOLVED, DULY PASSED AND APPROVED this 17th day of January 2017.

Steve Emert, Chairman

Terry Frank, County Mayor

ATTEST:

Jeff Cole, County Clerk

ANDERSON COUNTY TENNESSEE 1801

EXHIBIT

C

Anderson County, Tennessee
Board of County Commissioners

Resolution No. 17-01-615

WHEREAS, Anderson County understands the vital importance of maintaining historical records and documents for future generations; and

WHEREAS, the Tennessee State Library & Archives plans to offer one-time grants to assist local libraries and, Records and Archives departments in purchasing digital microfilm/microfiche readers and software; and

WHEREAS, the grant received can total up to $8,180, but will require a 50-percent match, meaning Anderson County would need to provide up to $4,090 toward the grant award; and

WHEREAS, Anderson County's long-time Historian and Archivist Mary Sue Harris has worked tirelessly to preserve and maintain the county's historical documents; and

NOW, THEREFORE, BE IT RESOLVED, by the Anderson County Board of Commissioners, meeting in regular session this 17th day of January, 2017, that Anderson County Government be authorized to apply for a Tennessee State Library & Archives grant award on behalf of the county's Records and Archives Department; and

BE IT FURTHER RESOLVED, the Anderson County Board of Commissioners further authorizes Anderson County Government to provide a 50-percent match should a grant be awarded to the Anderson County Records and Archives Department.

RESOLVED, DULY PASSED AND UNANIMOUSLY APPROVED this 17th day of January 2017.

APPROVED:

Steve Emert, Commission Chairman

Mrs. Terry Frank, County Mayor

ATTEST:

Jeff Cole, Anderson County Clerk

OAK RIDGE SCHOOLS
304 NEW YORK AVE.
P.O. BOX 6588
OAK RIDGE, TN 37831-6588

Telephone: 865.425.9001
Fax: 865.425.9070

Oak Ridge Schools
Board of Education

December 1, 2016

EXHIBIT

D

Oak Ridge City Council
Clinton City Council
Clinton Board of Education
Anderson County Board of Education
Anderson County Commission
Roane County Commission
Roane County Board of Education

Esteemed Colleagues:

Enclosed please find a copy of the resolution passed unanimously by the Oak Ridge Schools Board of Education on Monday, November 28, 2016.

Voucher programs negatively impact public schools by taking scarce resources and redirecting them to private, sometimes for-profit entities that are not held to the same accountability standards as public schools. There is significant concern that if very permissive voucher legislation passes, there will be for-profit schools opening all over the state, being very selective in their admissions.

We simply ask that no voucher program be created until schools receiving public funds be subject to the same requirements and accountability standards as public schools.

Because any funding issue negatively impacting schools creates a greater need for local funding, we ask that you also consider passing this resolution and forwarding to our legislative delegation. We very much appreciate the productive working relationship between local government entities and the ability to cooperate for the good of all.

Sincerely,

Oak Ridge Schools Board of Education

Keys Fillauer, Chairman

Robt Eby

Bob Eby, Vice-Chair

Angi Agle

Paige Marshall

Laura McLean

Laura McLean

RESOLUTION

A RESOLUTION to express opposition of the Oak Ridge Board of Education to the use of public funds for private schools.

WHEREAS, the Tennessee General Assembly in the 2017 legislative session will entertain legislation that would use public funds to pay tuition costs for students to attend private, religious and non-religious schools; and

WHEREAS, the General Assembly and the Tennessee State Board of Education have adopted high standards of student and teacher performance in the public schools; and

WHEREAS, private schools are not held to the same accountability standards as public schools pertaining to academic performance or student access; and

WHEREAS, many private schools in Tennessee have not adopted similar standards, refusing to administer the same tests given to public school students, not providing special education services required of public schools or accepting all students regardless of ability, making it impossible to determine the academic value of funding private education; and

WHEREAS, the proposal to take resources from public schools comes at a time when the state's Basic Education Program is not adequately funded, made worse in the City of Oak Ridge by the repeal of the Hall Income Tax that will sharply reduce local revenues needed for education; and

WHEREAS, the motivation for taking funds from Tennessee public schools comes primarily from groups in California, Texas and Washington, D.C., that seek to establish and manage private schools on a profit basis; and

WHEREAS, large numbers of legislators have openly expressed their desire to expand the use of public funds to all students, regardless of their income, school or community; and

WHEREAS, once authorized, the pressure of interest groups to expand the transfer of public funds to private schools in all communities will be enormous; and

WHEREAS, it is critical to the vitality of Oak Ridge that we protect and sustain a system of public education that for decades has proved to be among our city's most valuable assets;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CITY OF OAK RIDGE, that the Board strongly opposes taking funds from public education in any Tennessee community without the concurrence of the local Board of Education, without statutory assurance that schools receiving the funds will comply with the same curriculum and testing standards required of public schools, and until the Basic Education Program is adequately funded by the Tennessee General Assembly.

BE IT FURTHER RESOLVED, that copies of this resolution be forwarded to the Oak Ridge City, Anderson County and Roane County legislative delegations and to the Oak Ridge Superintendent of Schools.

Dated this 28th day of November, 2016.

Signed ______________________
W. Keys Fillauer, Board Chairman

Signed ______________________
Robert S. Eby, Vice Chairman

Signed ______________________
Angi Agle, Board Member

Signed ______________________
Laura McLean, Board Member

Signed ______________________
Paige Marshall, Board Member

ANDERSON COUNTY SCHOOLS

RESOLUTION OPPOSING SCHOOL VOUCHERS

WHEREAS, the Anderson County Board of Education is responsible for providing a local system of public education; and

WHEREAS, there is pending legislation before the Tennessee General Assembly that would create a voucher program allowing students to use public education funds to pay for private school tuition; and

WHEREAS, more than 50 years have passed since private school vouchers were first proposed, and during that time proponents have spent millions of dollars attempting to convince the public and lawmakers of the concept's efficacy, and yet, five decades later, vouchers still remain controversial, unproven and unpopular; and

WHEREAS, the Constitution of the State of Tennessee requires that the Tennessee General Assembly "provide for the maintenance, support and eligibility standards of a system of free *public* schools," with no mention of the maintenance or support of private schools; and

WHEREAS, the State of Tennessee, through work of the Tennessee General Assembly, the Tennessee Department of Education, the State Board of Education and local school boards, has established nationally recognized standards and measures for accountability in public education; and

WHEREAS, vouchers eliminate public accountability by channeling tax dollars into private schools that do not face state-approved academic standards, do not make budgets public, do not adhere to open meetings and records laws, do not publicly report on student achievement, and do not face the public accountability requirements contained in major federal laws, including special education; and

WHEREAS, vouchers have not been effective at improving student achievement or closing the achievement gap, with the most credible research finding little or no difference in voucher and public school students' performance; and

WHEREAS, vouchers leave many students behind, including those with the greatest needs, because vouchers channel tax dollars into private schools that are not required to accept all students, nor offer the special services they may need; and

WHEREAS, vouchers give choices to private schools, not students and parents, since private schools decide if they want to accept vouchers, how many and which students they want to admit, and the potentially arbitrary reasons for which they might later dismiss a student; and

WHEREAS, many proponents argue for these programs to increase options, but several options currently exist within public school systems. Through federal and state laws, students have the options of charter or magnet schools, and in the event of failing schools, students may attend other traditional public schools within the district.

WHEREAS, vouchers are an inefficient use of tax payer money because they compel taxpayers to support two school systems: one public and one private, the latter of which is not accountable to all the taxpayers supporting it; and

NOW THEREFORE BE IT RESOLVED BY THE ANDERSON COUNTY BOARD OF EDUCATION ON THE TWELFTH DAY OF JANUARY, 2016 AS FOLLOWS:

The Anderson County Board of Education opposes any legislation or other similar effort to create a voucher program in Tennessee that would divert money intended for public education to private schools.

Dr. Tim Parrott, Director

Dr. John Burrell, BOE Chairman

Williams

Teresa Portwood

Don A. Bell

Glenda Langenberg

Anderson County, Tennessee
Board of Commissioners

RESOLUTION NO. 17-01-618

RESOLUTION OPPOSING THE USE OF PUBLIC FUNDS FOR PRIVATE SCHOOLS AND THE PROPOSED SCHOOL VOUCHER PROGRAM

WHEREAS, currently proposed legislation is pending before the Tennessee General Assembly that would allow public funds to be utilized for a private purpose in the form of school vouchers; and

WHEREAS, the use of public funds for a private purpose is strictly prohibited by the Tennessee Constitution Article 2, Section 29; and

WHEREAS, the State of Tennessee has adopted high performance measures for teachers and students in public schools that have not been adopted by private schools, and many private schools have refused to administer approved standardized testing and curriculum protocol; and

WHEREAS, the school voucher program will undoubtedly take away financial resources from public schools at a time when the Basic Education Program is not fully funded.

NOW THEREFORE, BE IT RESOLVED by the Anderson County Board of Commissioners meeting in regular session this 16th day of January 2017 that we firmly oppose the use of school vouchers to transfer public funds to private schools, and we strongly encourage the Tennessee General Assembly to fully fund the Tennessee Basic Education Program to preserve the vitality of Tennessee public schools.

BE IT FURTHER RESOLVED that the County Clerk shall distribute copies of this Resolution to our legislative delegation to the Tennessee General Assembly and the Tennessee County Commissioners Association and County Officials Association.

RESOLVED, DULY PASSED AND APPROVED this 16th day of January 2017.

APPROVED:

Steven R. Emert

Steve Emert, Chairman

Terry Frank, County Mayor

ATTEST:

Jeff Cole

Jeff Cole, County Clerk

ANDERSON COUNTY TENNESSEE