

City of Bartlett

A. Keith McDonald, Mayor

August 8, 2013

Ms. Sandi Thompson
Director, State and Local Finance
State of Tennessee
Comptroller of the Treasury
James K. Polk State Office Building
505 Deaderick Street, Suite 1600
Nashville, Tennessee 37243-0274

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STATE AND LOCAL FINANCE

City of Bartlett, Tennessee

General Obligation Refunding and Improvement Bonds, Series 2013A

Dear Ms. Thompson:

We are submitting a plan of refunding for your review pursuant to TCA 9-21-901 et seq.

Plan of Refunding:

The City of Bartlett (the "City") has a potential opportunity to save debt service costs by currently refunding certain maturities of its outstanding tax-exempt General Obligation Refunding and Improvement Bonds, Series 2005 (the "Refunded Bonds"). The Refunded Bonds have a dated date of September 29, 2005 and were authorized by the City pursuant to certain Resolutions adopted by the Board of Mayor and Aldermen on August 9, 2005. A copy of the previously submitted CT-0253 form filed with the State is attached.

The Refunded Bonds were issued, in part, to refund the City's General Obligation Bonds, Series 1998 (the "Series 1998 Bonds"), dated March 1, 1998, maturing March 1, 2012 through March 1, 2018. The Series 1998 Bonds were authorized by resolution of the City on February 24, 1998, and were issued as tax-exempt, bank-qualified debt for the purposes of financing capital improvement projects within the City. A copy of the State Report on Plan of Refunding delivered in connection with the refunding of the Series 1998 Bonds is attached to this letter. Due to the age of the bond issue, we do not have on file a copy of the CT-0253 form filed with the State for the Series 1998 Bonds. Additional information on the Series 1998 Bonds may be found, however, in the official statement relating to such bonds, located online at <http://emma.msrb.org/MS141877-MS117185-MD227127.pdf>.

The preliminary plan of finance includes refunding all or a portion of the following maturities listed below which will generate debt service savings for the City.

Resolution	Tax Status	Series	Maturities	Coupons	Call Date or Maturity	Call Price
General Obligation	Tax-Exempt, Bank-Qualified	2005	2014-2018	3.50%-3.75%	8/1/2013	101.00

The Refunded Bonds will be refunded from proceeds of the General Obligation Refunding and Improvement Bonds, Series 2013A (the "2013A Bonds"). Proceeds from the Series 2013A Bonds will also be used to finance certain capital improvements within the City. Concurrent with the issuance of the 2013A Bonds, the City expects to issue the Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B (the "2013B Bonds"; collectively with the 2013A Bonds, the "Bonds"). It is expected that the Bonds will be "qualified tax-exempt obligations" as defined by the Internal Revenue Code of 1986, as amended. A portion of the proceeds of the 2013A Bonds will be used to pay the outstanding principal, interest, and premium on the Refunded Bonds. The City will also use proceeds of the 2013A Bonds to pay the cost of issuance of the 2013A Bonds.

The amortization of the 2013A Bonds will be structured to provide uniform savings compared to the debt service of the Refunded Bonds in each fiscal year. Neither the final maturity nor the weighted average maturity of the debt is being extended. Attached are schedules demonstrating the proposed refinancing opportunity and includes the following information:

- Weighted Average Maturity of the Bonds
- Weighted Average Maturity of the Refunded Bonds
- Estimated cost of issuance associated with the Bonds

The table below highlights our refunding assumptions.

Refunding Assumptions - General Obligation Refunding and Improvement Bonds, Series 2013A/B	
Dated and Delivery Date	11/8/2013
Bonds Refunded	General Obligation Refunding and Improvement Bonds, Series 2005
Market Rates	AAA MMD + 30 bps as of 8/2/2013
Cost of Issuance	\$58,484.03*
Underwriter's Discount	\$7.00 per bond

* Associated with the Series 2013A Bonds. Preliminary -- Subject to Change

The table below provides the estimated refunding results based on the current market conditions.

Savings Summary - General Obligation Refunding and Improvement Bonds Series 2013A	
Max Series 2013A Refunding Par Amount	\$2,610,000
Refunded Bonds Par Amount	\$2,510,000
Net Present Value Debt Service Savings	\$90,485*
PV Savings as a % of Refunded Bonds	3.605%*

The proposed refunding complies with the City's Debt Management Policy. The Debt Management Policy stipulates that current refunding opportunities will be considered by the Finance Director if the refunding generates positive net present value savings. A copy of the City's Debt Management Policy is included within this plan of refunding. The net present value savings will be net of all costs related to the refinancing. The City reserves the right to suspend or terminate the sale of all or a portion of the 2013A Bonds should the sale no longer be advantageous for the City.

Public Financial Management, Inc, in its capacity as Financial Advisor to the City, has determined that it is in the City's best interest to sell the Bonds on a competitive basis. The sale is anticipated to occur on October 22, 2013. The City intends to act expeditiously to take advantage of the low interest rates.

In Summary

Prior to adoption of the resolution authorizing the 2013A Bonds on August 27, 2013, the City seeks your refunding report on the General Obligation Refunding and Improvement Bonds, Series 2013A pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated.

If you have any questions or comments on the above plan of refunding or require any additional information with respect thereto, please do not hesitate to contact Mark Brown at (901) 385-6400, mbrown@cityofbartlett.org, or Lauren Lowe from Public Financial Management at (901) 682-8356, lowel@pfn.com.

Sincerely,



A. Keith McDonald
City of Bartlett, Tennessee
Mayor
kmcdonald@cityofbartlett.org

CC: Mr. Mark Brown, *Chief Administrative Officer, City of Bartlett*
Mr. Dick Phebus, *Finance Director, City of Bartlett*
Ms. Lauren Lowe, *Public Financial Management, Inc.*
Ms. Karen Neal, *Bass, Berry, and Sims*
Ms. Lillian Blackshear, *Bass, Berry, Sims*

SOURCES AND USES OF FUNDS

City of Bartlett, Tennessee
 General Obligation Refunding and Improvement Bonds, Series 2013AB
 Preliminary - Subject to Change
 AAA MMD as of 8/2/2013
 Spread of 30 Basis Points

Sources:	G.O. Refunding and Improvement Bonds, Series 2013A (New Money)	G.O. Refunding and Improvement Bonds, Series 2013A (Refunding)	Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B	Total
Bond Proceeds:				
Par Amount	2,790,000.00	2,355,000.00	1,265,000.00	6,410,000.00
Premium	310,861.20	249,076.20	133,950.70	693,888.10
	<u>3,100,861.20</u>	<u>2,604,076.20</u>	<u>1,398,950.70</u>	<u>7,103,888.10</u>
Uses:				
Project Fund Deposits:				
Long Term General Obligation Projects	2,274,000.00			2,274,000.00
Short Term General Obligation Projects	770,500.00			770,500.00
Long Term Water Sewer Projects			1,375,000.00	1,375,000.00
	<u>3,044,500.00</u>		<u>1,375,000.00</u>	<u>4,419,500.00</u>
Refunding Escrow Deposits:				
Cash Deposit		2,559,682.09		2,559,682.09
Delivery Date Expenses:				
Cost of Issuance	31,714.37	26,769.66	14,379.48	72,863.51
Underwriter's Discount	19,530.00	16,485.00	8,855.00	44,870.00
	<u>51,244.37</u>	<u>43,254.66</u>	<u>23,234.48</u>	<u>117,733.51</u>
Other Uses of Funds:				
Additional Proceeds	5,116.83	1,139.45	716.22	6,972.50
	<u>3,100,861.20</u>	<u>2,604,076.20</u>	<u>1,398,950.70</u>	<u>7,103,888.10</u>

Note: Assumes SLGS are unavailable

SUMMARY OF BONDS REFUNDED

City of Bartlett, Tennessee
 General Obligation Refunding and Improvement Bonds, Series 2013AB
 Preliminary - Subject to Change
 AAA MMD as of 8/2/2013
 Spread of 30 Basis Points

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation and Refunding Bonds, 2005C:					
SERIAL	09/01/2014	3.500%	465,000.00	12/08/2013	101.000
	09/01/2015	3.550%	485,000.00	12/08/2013	101.000
	09/01/2016	3.650%	500,000.00	12/08/2013	101.000
	09/01/2017	3.700%	520,000.00	12/08/2013	101.000
	09/01/2018	3.750%	540,000.00	12/08/2013	101.000
			2,510,000.00		

SUMMARY OF REFUNDING RESULTS

City of Bartlett, Tennessee
General Obligation Refunding and Improvement Bonds, Series 2013AB
Preliminary - Subject to Change
AAA MMD as of 8/2/2013
Spread of 30 Basis Points

Dated Date	11/08/2013
Delivery Date	11/08/2013
Arbitrage yield	3.115337%
Escrow yield	
Bond Par Amount	2,355,000.00
True Interest Cost	1.486877%
Net Interest Cost	1.590426%
Average Coupon	5.000000%
Average Life	2.897
Par amount of refunded bonds	2,510,000.00
Average coupon of refunded bonds	3.679577%
Average life of refunded bonds	2.888
PV of prior debt to 11/08/2013 @ 3.115337%	2,565,227.05
Net PV Savings	90,485.39
Percentage savings of refunded bonds	3.604996%
Percentage savings of refunding bonds	3.842267%

SAVINGS

City of Bartlett, Tennessee
 General Obligation Refunding and Improvement Bonds, Series 2013AB
 Preliminary - Subject to Change
 AAA MMD as of 8/2/2013
 Spread of 30 Basis Points

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 11/08/2013 @ 3.1153366%
09/01/2014	556,232.50	535,835.42	20,397.08	20,021.77
09/01/2015	559,957.50	540,750.00	19,207.50	18,007.01
09/01/2016	557,740.00	538,500.00	19,240.00	17,524.59
09/01/2017	559,490.00	540,250.00	19,240.00	17,025.75
09/01/2018	560,250.00	540,750.00	19,500.00	16,766.83
	2,793,670.00	2,696,085.42	97,584.58	89,345.94

Savings Summary

PV of savings from cash flow	89,345.94
Plus: Refunding funds on hand	1,139.45
Net PV Savings	90,485.39

COST OF ISSUANCE

City of Bartlett, Tennessee
 General Obligation Refunding and Improvement Bonds, Series 2013AB
 Preliminary - Subject to Change
 AAA MMD as of 8/2/2013
 Spread of 30 Basis Points

Cost of Issuance	\$/1000	Amount
Moody's Ratings Services	1.79407	11,500.00
Fitch Ratings Services	1.79407	11,500.00
Printer	0.15601	1,000.00
Paying Agent	0.07800	500.00
Bond Counsel - Bass, Berry, Sims	3.04212	19,500.00
Ipreo	0.19501	1,250.00
Miscellaneous	0.78003	5,000.00
Escrow Agent	0.03900	250.00
Financial Advisor Fee - PFM	3.48885	22,363.51
	11.36716	72,863.51

SOURCES AND USES OF FUNDS

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (New Money)

Sources:

Bond Proceeds:

Par Amount	2,790,000.00
Premium	310,861.20
	3,100,861.20

Uses:

Project Fund Deposits:

Long Term General Obligation Projects	2,274,000.00
Short Term General Obligation Projects	770,500.00
	3,044,500.00

Delivery Date Expenses:

Cost of Issuance	31,714.37
Underwriter's Discount	19,530.00
	51,244.37

Other Uses of Funds:

Additional Proceeds	5,116.83
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3,100,861.20

SOURCES AND USES OF FUNDS

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (Refunding)

Sources:

Bond Proceeds:	
Par Amount	2,355,000.00
Premium	249,076.20
	2,604,076.20

Uses:

Refunding Escrow Deposits:	
Cash Deposit	2,559,682.09
Delivery Date Expenses:	
Cost of Issuance	26,769.66
Underwriter's Discount	16,485.00
	43,254.66
Other Uses of Funds:	
Additional Proceeds	1,139.45
	2,604,076.20

SOURCES AND USES OF FUNDS

City of Bartlett, Tennessee
 Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B

Sources:

Bond Proceeds:	
Par Amount	1,265,000.00
Premium	133,950.70
	1,398,950.70

Uses:

Project Fund Deposits:	
Long Term Water Sewer Projects	1,375,000.00
Delivery Date Expenses:	
Cost of Issuance	14,379.48
Underwriter's Discount	8,855.00
	23,234.48
Other Uses of Funds:	
Additional Proceeds	716.22
	1,398,950.70

BOND SUMMARY STATISTICS

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (New Money)

Dated Date	11/08/2013
Delivery Date	11/08/2013
Last Maturity	09/01/2033
Arbitrage Yield	3.115337%
True Interest Cost (TIC)	3.850514%
Net Interest Cost (NIC)	4.121855%
All-In TIC	3.967884%
Average Coupon	5.000000%
Average Life (years)	11.891
Duration of Issue (years)	9.005
Par Amount	2,790,000.00
Bond Proceeds	3,100,861.20
Total Interest	1,658,787.50
Net Interest	1,367,456.30
Total Debt Service	4,448,787.50
Maximum Annual Debt Service	230,750.00
Average Annual Debt Service	224,528.74
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.000000
Total Underwriter's Discount	7.000000
Bid Price	110.441978

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	2,790,000.00	111.142	5.000%	11.891
	2,790,000.00			11.891

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,790,000.00	2,790,000.00	2,790,000.00
+ Accrued Interest			
+ Premium (Discount)	310,861.20	310,861.20	310,861.20
- Underwriter's Discount	-19,530.00	-19,530.00	
- Cost of Issuance Expense		-31,714.37	
- Other Amounts			
Target Value	3,081,331.20	3,049,616.83	3,100,861.20
Target Date	11/08/2013	11/08/2013	11/08/2013
Yield	3.850514%	3.967884%	3.115337%

BOND SUMMARY STATISTICS

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (Refunding)

Dated Date	11/08/2013
Delivery Date	11/08/2013
Last Maturity	09/01/2018
Arbitrage Yield	3.115337%
True Interest Cost (TIC)	1.486877%
Net Interest Cost (NIC)	1.590426%
All-In TIC	1.867691%
Average Coupon	5.000000%
Average Life (years)	2.897
Duration of Issue (years)	2.758
Par Amount	2,355,000.00
Bond Proceeds	2,604,076.20
Total Interest	341,085.42
Net Interest	108,494.22
Total Debt Service	2,696,085.42
Maximum Annual Debt Service	540,750.00
Average Annual Debt Service	560,063.91
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.000000
Total Underwriter's Discount	7.000000
Bid Price	109.876484

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	2,355,000.00	110.576	5.000%	2.897
	2,355,000.00			2.897

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,355,000.00	2,355,000.00	2,355,000.00
+ Accrued Interest			
+ Premium (Discount)	249,076.20	249,076.20	249,076.20
- Underwriter's Discount	-16,485.00	-16,485.00	
- Cost of Issuance Expense		-26,769.66	
- Other Amounts			
Target Value	2,587,591.20	2,560,821.54	2,604,076.20
Target Date	11/08/2013	11/08/2013	11/08/2013
Yield	1.486877%	1.867691%	3.115337%

BOND SUMMARY STATISTICS

City of Bartlett, Tennessee
 Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B

Dated Date	11/08/2013
Delivery Date	11/08/2013
Last Maturity	09/01/2033
Arbitrage Yield	3.115337%
True Interest Cost (TIC)	4.076306%
Net Interest Cost (NIC)	4.316961%
All-In TIC	4.176878%
Average Coupon	5.000000%
Average Life (years)	14.478
Duration of Issue (years)	10.567
Par Amount	1,265,000.00
Bond Proceeds	1,398,950.70
Total Interest	915,728.47
Net Interest	790,632.77
Total Debt Service	2,180,728.47
Maximum Annual Debt Service	137,750.00
Average Annual Debt Service	110,060.60
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.000000
Total Underwriter's Discount	7.000000
Bid Price	109.888988

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	1,265,000.00	110.589	5.000%	14.478
	1,265,000.00			14.478

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,265,000.00	1,265,000.00	1,265,000.00
+ Accrued Interest			
+ Premium (Discount)	133,950.70	133,950.70	133,950.70
- Underwriter's Discount	-8,855.00	-8,855.00	
- Cost of Issuance Expense		-14,379.48	
- Other Amounts			
Target Value	1,390,095.70	1,375,716.22	1,398,950.70
Target Date	11/08/2013	11/08/2013	11/08/2013
Yield	4.076306%	4.176878%	3.115337%

BOND PRICING

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (New Money)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	09/01/2014	75,000	5.000%	0.480%	103.666
	09/01/2015	90,000	5.000%	0.730%	107.679
	09/01/2016	95,000	5.000%	1.020%	111.010
	09/01/2017	100,000	5.000%	1.310%	113.681
	09/01/2018	105,000	5.000%	1.610%	115.639
	09/01/2019	110,000	5.000%	1.910%	116.924
	09/01/2020	120,000	5.000%	2.280%	117.072
	09/01/2021	120,000	5.000%	2.600%	116.868
	09/01/2022	125,000	5.000%	2.850%	116.648
	09/01/2023	130,000	5.000%	3.010%	116.796
	09/01/2024	135,000	5.000%	3.180%	115.235 C
	09/01/2025	145,000	5.000%	3.360%	113.609 C
	09/01/2026	150,000	5.000%	3.540%	112.010 C
	09/01/2027	160,000	5.000%	3.710%	110.525 C
	09/01/2028	165,000	5.000%	3.850%	109.319 C
	09/01/2029	175,000	5.000%	3.970%	108.298 C
	09/01/2030	185,000	5.000%	4.050%	107.624 C
	09/01/2031	195,000	5.000%	4.120%	107.038 C
	09/01/2032	200,000	5.000%	4.180%	106.539 C
	09/01/2033	210,000	5.000%	4.240%	106.043 C
		2,790,000			

Dated Date	11/08/2013	
Delivery Date	11/08/2013	
First Coupon	03/01/2014	
Par Amount	2,790,000.00	
Premium	310,861.20	
Production	3,100,861.20	111.141978%
Underwriter's Discount	-19,530.00	-0.700000%
Purchase Price	3,081,331.20	110.441978%
Accrued Interest		
Net Proceeds	3,081,331.20	

BOND PRICING

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (Refunding)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:	09/01/2014	440,000	5.000%	0.480%	103.666
	09/01/2015	445,000	5.000%	0.730%	107.679
	09/01/2016	465,000	5.000%	1.020%	111.010
	09/01/2017	490,000	5.000%	1.310%	113.681
	09/01/2018	515,000	5.000%	1.610%	115.639
		2,355,000			

Dated Date	11/08/2013	
Delivery Date	11/08/2013	
First Coupon	03/01/2014	
Par Amount	2,355,000.00	
Premium	249,076.20	
Production	2,604,076.20	110.576484%
Underwriter's Discount	-16,485.00	-0.700000%
Purchase Price	2,587,591.20	109.876484%
Accrued Interest		
Net Proceeds	2,587,591.20	

BOND PRICING

City of Bartlett, Tennessee
 Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	09/01/2014		5.000%	0.480%	103.666
	09/01/2015		5.000%	0.730%	107.679
	09/01/2016		5.000%	1.020%	111.010
	09/01/2017		5.000%	1.310%	113.681
	09/01/2018		5.000%	1.610%	115.639
	09/01/2019		5.000%	1.910%	116.924
	09/01/2020		5.000%	2.280%	117.072
	09/01/2021	70,000	5.000%	2.600%	116.868
	09/01/2022	75,000	5.000%	2.850%	116.648
	09/01/2023	80,000	5.000%	3.010%	116.796
	09/01/2024	85,000	5.000%	3.180%	115.235 C
	09/01/2025	90,000	5.000%	3.360%	113.609 C
	09/01/2026	90,000	5.000%	3.540%	112.010 C
	09/01/2027	95,000	5.000%	3.710%	110.525 C
	09/01/2028	100,000	5.000%	3.850%	109.319 C
	09/01/2029	105,000	5.000%	3.970%	108.298 C
	09/01/2030	110,000	5.000%	4.050%	107.624 C
	09/01/2031	115,000	5.000%	4.120%	107.038 C
	09/01/2032	120,000	5.000%	4.180%	106.539 C
	09/01/2033	130,000	5.000%	4.240%	106.043 C
		1,265,000			

Dated Date	11/08/2013	
Delivery Date	11/08/2013	
First Coupon	03/01/2014	
Par Amount	1,265,000.00	
Premium	133,950.70	
Production	1,398,950.70	110.588988%
Underwriter's Discount	-8,855.00	-0.700000%
Purchase Price	1,390,095.70	109.888988%
Accrued Interest		
Net Proceeds	1,390,095.70	

BOND DEBT SERVICE

City of Bartlett, Tennessee
G.O. Refunding and Improvement Bonds, Series 2013A (New Money)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2014			43,787.50	43,787.50	
09/01/2014	75,000	5.000%	69,750.00	144,750.00	188,537.50
03/01/2015			67,875.00	67,875.00	
09/01/2015	90,000	5.000%	67,875.00	157,875.00	225,750.00
03/01/2016			65,625.00	65,625.00	
09/01/2016	95,000	5.000%	65,625.00	160,625.00	226,250.00
03/01/2017			63,250.00	63,250.00	
09/01/2017	100,000	5.000%	63,250.00	163,250.00	226,500.00
03/01/2018			60,750.00	60,750.00	
09/01/2018	105,000	5.000%	60,750.00	165,750.00	226,500.00
03/01/2019			58,125.00	58,125.00	
09/01/2019	110,000	5.000%	58,125.00	168,125.00	226,250.00
03/01/2020			55,375.00	55,375.00	
09/01/2020	120,000	5.000%	55,375.00	175,375.00	230,750.00
03/01/2021			52,375.00	52,375.00	
09/01/2021	120,000	5.000%	52,375.00	172,375.00	224,750.00
03/01/2022			49,375.00	49,375.00	
09/01/2022	125,000	5.000%	49,375.00	174,375.00	223,750.00
03/01/2023			46,250.00	46,250.00	
09/01/2023	130,000	5.000%	46,250.00	176,250.00	222,500.00
03/01/2024			43,000.00	43,000.00	
09/01/2024	135,000	5.000%	43,000.00	178,000.00	221,000.00
03/01/2025			39,625.00	39,625.00	
09/01/2025	145,000	5.000%	39,625.00	184,625.00	224,250.00
03/01/2026			36,000.00	36,000.00	
09/01/2026	150,000	5.000%	36,000.00	186,000.00	222,000.00
03/01/2027			32,250.00	32,250.00	
09/01/2027	160,000	5.000%	32,250.00	192,250.00	224,500.00
03/01/2028			28,250.00	28,250.00	
09/01/2028	165,000	5.000%	28,250.00	193,250.00	221,500.00
03/01/2029			24,125.00	24,125.00	
09/01/2029	175,000	5.000%	24,125.00	199,125.00	223,250.00
03/01/2030			19,750.00	19,750.00	
09/01/2030	185,000	5.000%	19,750.00	204,750.00	224,500.00
03/01/2031			15,125.00	15,125.00	
09/01/2031	195,000	5.000%	15,125.00	210,125.00	225,250.00
03/01/2032			10,250.00	10,250.00	
09/01/2032	200,000	5.000%	10,250.00	210,250.00	220,500.00
03/01/2033			5,250.00	5,250.00	
09/01/2033	210,000	5.000%	5,250.00	215,250.00	220,500.00
	2,790,000		1,658,787.50	4,448,787.50	4,448,787.50

BOND DEBT SERVICE

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (Refunding)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2014			36,960.42	36,960.42	
09/01/2014	440,000	5.000%	58,875.00	498,875.00	535,835.42
03/01/2015			47,875.00	47,875.00	
09/01/2015	445,000	5.000%	47,875.00	492,875.00	540,750.00
03/01/2016			36,750.00	36,750.00	
09/01/2016	465,000	5.000%	36,750.00	501,750.00	538,500.00
03/01/2017			25,125.00	25,125.00	
09/01/2017	490,000	5.000%	25,125.00	515,125.00	540,250.00
03/01/2018			12,875.00	12,875.00	
09/01/2018	515,000	5.000%	12,875.00	527,875.00	540,750.00
	2,355,000		341,085.42	2,696,085.42	2,696,085.42

BOND DEBT SERVICE

City of Bartlett, Tennessee
 Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2014			19,853.47	19,853.47	
09/01/2014			31,625.00	31,625.00	51,478.47
03/01/2015			31,625.00	31,625.00	
09/01/2015			31,625.00	31,625.00	63,250.00
03/01/2016			31,625.00	31,625.00	
09/01/2016			31,625.00	31,625.00	63,250.00
03/01/2017			31,625.00	31,625.00	
09/01/2017			31,625.00	31,625.00	63,250.00
03/01/2018			31,625.00	31,625.00	
09/01/2018			31,625.00	31,625.00	63,250.00
03/01/2019			31,625.00	31,625.00	
09/01/2019			31,625.00	31,625.00	63,250.00
03/01/2020			31,625.00	31,625.00	
09/01/2020			31,625.00	31,625.00	63,250.00
03/01/2021			31,625.00	31,625.00	
09/01/2021	70,000	5.000%	31,625.00	101,625.00	133,250.00
03/01/2022			29,875.00	29,875.00	
09/01/2022	75,000	5.000%	29,875.00	104,875.00	134,750.00
03/01/2023			28,000.00	28,000.00	
09/01/2023	80,000	5.000%	28,000.00	108,000.00	136,000.00
03/01/2024			26,000.00	26,000.00	
09/01/2024	85,000	5.000%	26,000.00	111,000.00	137,000.00
03/01/2025			23,875.00	23,875.00	
09/01/2025	90,000	5.000%	23,875.00	113,875.00	137,750.00
03/01/2026			21,625.00	21,625.00	
09/01/2026	90,000	5.000%	21,625.00	111,625.00	133,250.00
03/01/2027			19,375.00	19,375.00	
09/01/2027	95,000	5.000%	19,375.00	114,375.00	133,750.00
03/01/2028			17,000.00	17,000.00	
09/01/2028	100,000	5.000%	17,000.00	117,000.00	134,000.00
03/01/2029			14,500.00	14,500.00	
09/01/2029	105,000	5.000%	14,500.00	119,500.00	134,000.00
03/01/2030			11,875.00	11,875.00	
09/01/2030	110,000	5.000%	11,875.00	121,875.00	133,750.00
03/01/2031			9,125.00	9,125.00	
09/01/2031	115,000	5.000%	9,125.00	124,125.00	133,250.00
03/01/2032			6,250.00	6,250.00	
09/01/2032	120,000	5.000%	6,250.00	126,250.00	132,500.00
03/01/2033			3,250.00	3,250.00	
09/01/2033	130,000	5.000%	3,250.00	133,250.00	136,500.00
	1,265,000		915,728.47	2,180,728.47	2,180,728.47

UNDERWRITER'S DISCOUNT

City of Bartlett, Tennessee
G.O. Refunding and Improvement Bonds, Series 2013A (New Money)

Underwriter's Discount	\$/1000	Amount
Underwriter's Discount	5.25627	14,665.00
Underwriter's Discount	1.74373	4,865.00
	7.00000	19,530.00

UNDERWRITER'S DISCOUNT

City of Bartlett, Tennessee
G.O. Refunding and Improvement Bonds, Series 2013A (Refunding)

Underwriter's Discount	\$/1000	Amount
Underwriter's Discount	7.00	16,485.00
	7.00	16,485.00

UNDERWRITER'S DISCOUNT

City of Bartlett, Tennessee
Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B

Underwriter's Discount	\$/1000	Amount
Underwriter's Discount	7.00	8,855.00
	7.00	8,855.00

COST OF ISSUANCE

City of Bartlett, Tennessee
G.O. Refunding and Improvement Bonds, Series 2013A (New Money)

Cost of Issuance	\$/1000	Amount
Moody's Ratings Services	1.34716	3,758.58
Fitch Ratings Services	1.34716	3,758.58
Printer	0.11714	326.83
Paying Agent	0.05857	163.42
Bond Counsel - Bass, Berry, Sims	2.28432	6,373.24
Ipreo	0.14643	408.54
Miscellaneous	0.58572	1,634.17
Escrow Agent	0.02929	81.71
Financial Advisor Fee - PFM	2.61976	7,309.13
Moody's Ratings Services	0.44691	1,246.88
Fitch Ratings Services	0.44691	1,246.88
Printer	0.03886	108.42
Paying Agent	0.01943	54.21
Bond Counsel - Bass, Berry, Sims	0.75780	2,114.27
Ipreo	0.04858	135.53
Miscellaneous	0.19431	542.12
Escrow Agent	0.00972	27.11
Financial Advisor Fee - PFM	0.86909	2,424.75
	11.36716	31,714.37

COST OF ISSUANCE

City of Bartlett, Tennessee
 G.O. Refunding and Improvement Bonds, Series 2013A (Refunding)

Cost of Issuance	\$/1000	Amount
Moody's Ratings Services	1.79407	4,225.04
Fitch Ratings Services	1.79407	4,225.04
Printer	0.15600	367.39
Paying Agent	0.07800	183.70
Bond Counsel - Bass, Berry, Sims	3.04212	7,164.20
Ipreo	0.19501	459.24
Miscellaneous	0.78003	1,836.97
Escrow Agent	0.03900	91.85
Financial Advisor Fee - PFM	3.48885	8,216.23
	11.36716	26,769.66

COST OF ISSUANCE

City of Bartlett, Tennessee
 Water and Sewer Revenue and Tax Improvement Bonds, Series 2013B

Cost of Issuance	\$/1000	Amount
Moody's Ratings Services	1.79407	2,269.50
Fitch Ratings Services	1.79407	2,269.50
Printer	0.15602	197.36
Paying Agent	0.07800	98.67
Bond Counsel - Bass, Berry, Sims	3.04213	3,848.29
Ipreo	0.19501	246.69
Miscellaneous	0.78003	986.74
Escrow Agent	0.03900	49.33
Financial Advisor Fee - PFM	3.48885	4,413.40
	11.36718	14,379.48

Issuer's No. _____
(To be completed by State)

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated 9-21-151)

1. Issuer:

Name City of Bartlett, Tennessee

Address P. O. Box 341148
Bartlett, Tennessee 38134-1148
General Obligation Refunding and Improvement Bonds, Series 2005

2. Debt obligation: a. Bond
 b. CON
 c. BAN
 d. GAN
 e. Lease/Lease Purchase
 f. Loan Agreement

5. Face Amount of Debt Obligation \$8,195,000

6. Type of sale: a. Competitive Public Sale
 b. Negotiated
 c. Loan Program _____
(specify)

3. Security for Debt Obligation:
 a. General Obligation
 b. General Obligation Revenue and Tax
 c. Revenue
 d. Annual Appropriations

7. Tax Status:
a. Tax Exempt b. _____ Taxable

8. Dated Date: 9/29/2005

4. Purpose of Issue:	Percent of Issue:
<input checked="" type="checkbox"/> a. General Government	<u>57%</u>
<input type="checkbox"/> b. Education	_____
<input type="checkbox"/> c. Highways and Streets	_____
<input type="checkbox"/> d. Public Safety	_____
<input type="checkbox"/> e. Solid Waste Disposal	_____
<input type="checkbox"/> f. Industrial Park	_____
<input type="checkbox"/> g. Manufacturing Facilities	_____
<input type="checkbox"/> h. Health Facilities	_____
<input type="checkbox"/> i. Airports	_____
j. Utilities	_____
<input type="checkbox"/> i. Water	_____
<input type="checkbox"/> ii. Sewer	_____
<input type="checkbox"/> iii. Electric	_____
<input type="checkbox"/> iv. Gas	_____
<input checked="" type="checkbox"/> k. Refunding or Renewal	<u>43%</u>
<input type="checkbox"/> l. Other _____	_____
specify _____	_____

9. Issue Date (Closing Date): 9/29/2005

10. Rating:
a. Moody's Aa2
b. Standard & Poor's AA
c. Unrated _____

11. Interest Cost: a. TIC (True Interest Cost)
3.766339% b. NIC (Net Interest Cost)
 c. Variable Rate
 d. Other

12. Recurring Costs:

a. Remarketing Agent Fees	\$ _____	-0-
b. Liquidity Fees	\$ _____	-0-
c. Credit Enhancement Fees	\$ _____	-0-

SEE REVERSE SIDE

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LOCAL FINANCE

13. Maturity Dates, Amounts and Interest Rates

Year	Principal Amount	Interest Rate
9-1-2006	\$195,000	3.00%
9-1-2007	200,000	3.00
9-1-2008	195,000	3.00
9-1-2009	205,000	3.25
9-1-2010	215,000	3.25
9-1-2011	220,000	3.50
9-1-2012	635,000	3.50
9-1-2013	655,000	3.50
9-1-2014	680,000	3.50
9-1-2015	705,000	3.55
9-1-2016	730,000	3.65

If additional space is needed, attach additional sheet

Year	Principal Amount	Interest Rate
9-1-2017	\$760,000	3.70%
9-1-2018	785,000	3.75
9-1-2019	255,000	3.80
9-1-2020	265,000	3.85
9-1-2021	275,000	3.90
9-1-2022	285,000	4.00
9-1-2023	300,000	4.00
9-1-2024	310,000	4.05
9-1-2025	325,000	4.10

No. of Years _____
(To be completed by State)

14. Itemized Description of the Cost of Issuance

Name of Firm

(ROUND TO THE NEAREST DOLLAR)

a. Financial Advisor Fees	\$ 18,960.15	Public Financial Management, Inc.
b. Legal Fees		
i. Bond Counsel	\$ 12,000.00	Bass, Berry & Sims PLC
ii. Issuer's Counsel	\$ _____	_____
iii. Trustee's Counsel	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
	\$ _____	_____
c. Paying Agent Fees and Registration Fees	\$ _____	_____
d. Trustee Fees (Escrow Agent)	\$ 1,410.00	Wachovia Bank, National Association
e. Remarketing Agent Fees	\$ _____	_____
f. Liquidity Fees	\$ _____	_____
g. Rating Agency Fees	\$ 16,853.47	Moody's and Standard and Poor's
h. Credit Enhancement Fees	\$ _____	_____
i. Underwriter's Discount (%)	\$ 30,141.07	Morgan Keegan & Company, Inc.
i. Take Down	\$ _____	_____
ii. Management Fee	\$ _____	_____
iii. Risk Premium	\$ _____	_____
iv. Underwriter's Counsel	\$ _____	_____
v. Other Expenses	\$ _____	_____
j. Printing and Advertising Fees	\$ 3,298.08	i-Deal Prospectus, etc.
k. Issuer Fees	\$ _____	_____
l. Real Estate Fees	\$ _____	_____
m. Other Costs	\$ 3,077.99	Robert Thomas CPA, LLC (verification report); misc.
n. Total Costs	\$ 85,740.76	_____

Note: Please enclose a copy of the DISCLOSURE STATEMENT or OFFICIAL STATEMENT if one was developed.

15.

A. Keith McDonald
Authorized Representative (Signature)
A. Keith McDonald
Authorized Representative (Please Type or Print Legibly)
Mayor
Title
September 29, 2005
Date

Karen S. Neal, Esq.
Preparer (Please Type or Print Legibly)
Member
Title
Bass, Berry & Sims PLC
Firm
September 29, 2005
Date

SEND TO: Comptroller of the Treasury, Division of Local Finance, Suite 1700, 505 Deaderick Street,
James K. Polk State Office Building, Nashville, Tennessee 37243-0274



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF LOCAL FINANCE
SUITE 1700 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0274
PHONE (615) 401-7976
FAX (615) 532-5232

August 1, 2005

Honorable A. Keith McDonald
Mayor of Bartlett
6400 Stage Road
Bartlett, Tennessee 38134-3739

Dear Mayor McDonald:

This will acknowledge receipt on July 18, 2005, of a letter dated July 15, 2005 from Ms. Valesa S. Johnson, Public Financial Management, submitting a plan of refunding for the proposed issuance of \$4,785,000 General Obligation/Water and Sewer Revenue and Tax Refunding Bonds, Series 2005. Attached please find the report of our review of this plan pursuant to *Tennessee Code Annotated* Title 9, Chapter 21, Section 903. **The attached report does not constitute approval or disapproval by the Division of Local Finance for the proposed plan.**

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during that time, a supplemental plan of refunding must be submitted to this office and we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our statement that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this office, during the initial 120-day period or any subsequent 120-day periods acknowledged by this office, no refunding reports will be issued by this office relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our office that the plan of refunding which has been submitted is no longer valid.

It is recognized that the information provided in refunding plans is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the refunding debt obligations. If the local government should determine prior to the sale of the refunding obligations that actual results will be significantly different from the information provided in the plan of refunding which has been submitted, a complete revised plan of refunding must be submitted to our office by either the Chief Executive Officer or the Chief

Financial Officer of the local government. However, a revised plan must be submitted only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of refunding obligations to be issued; (2) the estimated costs of issuance; (3) the estimated cumulative savings or loss. This is considered necessary in order that our office may have adequate time to issue a revised report and in order that officials of the local government are aware of any significant changes that may occur prior to the issuance of the refunding obligations.

Based on the plan submitted to our office, this refunding will result in a cumulative savings of \$254,258. The estimated cost of issuance is \$64,700 or \$13.50 per \$1,000 bonds issued. The actual savings associated with the refunding may increase or decrease based on the interest rates obtained on the day of issuance. Officials of the City of Bartlett should continue to monitor the municipal debt market to determine if the local government's savings objectives remain viable.

We are enclosing State Form CT-0253, Report on Debt Obligation. Pursuant to *Tennessee Code Annotated* Title 9, Chapter 21, Section 151, this form is to be completed and filed with this office within 45 days after the issuance of the refunding bonds.

Sincerely,



David H. Bowling
Director of Local Finance

DHB:laa

Cc: Valesa S. Johnson

REPORT OF THE REVIEW OF A PLAN OF GENERAL OBLIGATION REFUNDING



DIVISION OF LOCAL FINANCE
COMPTROLLER OF THE TREASURY
STATE OF TENNESSEE

REPORT OF THE STATE DIRECTOR OF LOCAL FINANCE CONCERNING A PLAN OF REFUNDING FOR THE PROPOSED ISSUANCE OF \$4,785,000 CITY OF BARTLETT, TENNESSEE GENERAL OBLIGATION/WATER AND SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 2005

This report is based on a plan of refunding submitted to the Director of Local Finance on July 18, 2005, from Ms. Valesa S. Johnson, Public Financial Management, on behalf of the City of Bartlett. *Tennessee Code Annotated* Section 9-21-903 requires a plan of refunding to be submitted to the Director for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of general obligation refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the local government. **This report does not constitute approval or disapproval of this plan of refunding by the Division of Local Finance.**

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during that time, a supplemental plan of refunding must be submitted to this office and we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our statement that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this office, during the initial 120-day period or any subsequent 120-day periods acknowledged by this office, no refunding reports will be issued by this office relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our office that the plan of refunding which has been submitted is no longer valid.

It is recognized that the information provided in refunding plans is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the refunding debt obligations. If the local government should determine prior to the sale of the refunding obligations that actual results will be significantly different from the information provided in the plan of refunding which has been submitted, a complete revised plan of refunding must be submitted to our office by either the Chief Executive Officer or the Chief Financial Officer of the local government. However, a revised plan must be submitted only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of refunding obligations to be issued; (2) the estimated costs of issuance; (3) the estimated cumulative savings or loss. This is considered necessary in order that our office may have adequate time to issue a revised report and in order that officials of the

local government are aware of any significant changes that may occur prior to the issuance of the refunding obligations.

General obligation refunding bonds, secured by the full faith and credit and unlimited taxing power of a local government, may be issued for the following purposes, as described in *Tennessee Code Annotated Section 9-21-901*:

- 1) refunding outstanding obligations which are secured by a pledge of the full faith and credit and unlimited taxing power of the local government;
- 2) refunding outstanding obligations secured by a pledge of revenues in addition to the full faith and credit pledge; or
- 3) refunding outstanding obligations secured solely by the revenues of a public works project.

Refunding of debt is generally performed to achieve at least one of the following objectives:

- 1) provide a net present value cost saving through a decreased cost of interest;
- 2) restructure debt to lower debt service payment throughout the life of the prior debt to allow additional debt to be incurred or to lower revenues required to be dedicated to debt service;
- 3) remove or change restrictive debt covenants; or
- 4) payment or discharge of all or any part of an issue or series of outstanding obligations including any interest in or on the verge of going into default or where insufficient funds exist to extinguish maturing debt obligations.

ANALYSIS

General

According to the submitted plan of refunding, the City of Bartlett is proposing to issue \$4,785,000 General Obligation/Water and Sewer Revenue and Tax Refunding Bonds, (the "Refunding Bonds") for the purpose of refinancing the outstanding \$3,410,000 Series 1998 General Obligation Bonds and the outstanding \$1,195,000 Series 1998 Water and Sewer Revenue and Tax Bonds (combined, the "Outstanding Obligations.") The indicated purpose of the proposed refunding is to achieve interest cost savings.

Cost Associated with the Refunding Bonds

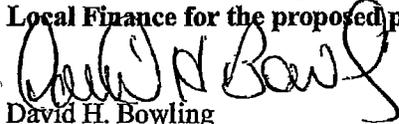
The estimated cost of issuance for the combined \$4,785,000 Refunding Bonds is \$64,700, or \$13.50 per \$1,000 bonds issued. These costs consist of the following: \$29,302 Underwriter Discount; \$9,984 Bond Counsel; \$11,232 Financial Advisor; \$9,984 Rating Agencies; and \$4,198 Other Related Expenses.

Cost Savings

The targeted average coupon rate for the Refunding Bonds is 3.62%. The combined average coupon rate for the Outstanding Obligations is 4.75%. This is a decrease of 113 basis points. *The actual interest cost difference may be greater or less than that projected, depending upon the actual interest rates obtained on the day of issuance.* According to the refunding analysis submitted by Ms. Johnson, at the arbitrage yield rate of 3.743%, this refunding will provide a

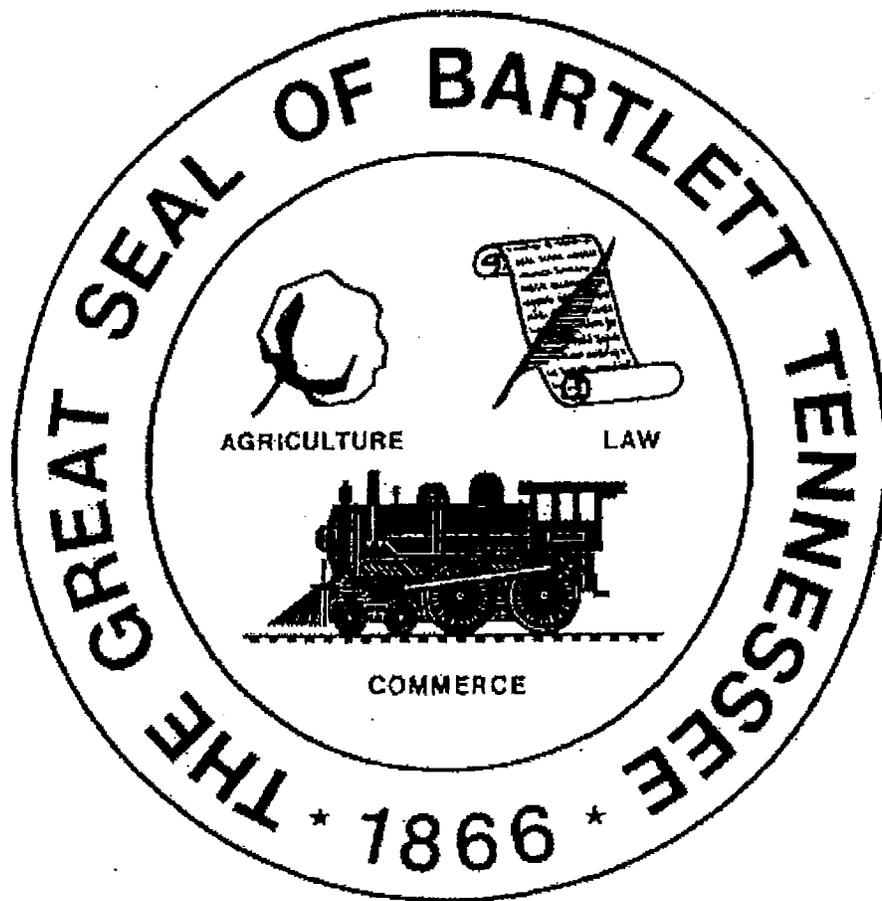
cumulative savings of \$254,258. *The actual savings may be greater or less than that projected, depending upon the actual interest rates obtained on the day of issuance.* Officials of the City of Bartlett should continue to monitor the debt issue in order to determine that the local government's savings objectives are achieved.

This constitutes the report of this office pursuant to Title 9, Chapter 21, Section 903 *Tennessee Code Annotated*. **This report does not constitute approval or disapproval by the Division of Local Finance for the proposed plan of refunding.**



David H. Bowling
Director of Local Finance
Date: August 1, 2005

CITY OF BARTLETT, TENNESSEE



Debt Management Policy

Prepared by
Bartlett Finance Department

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DEBT POLICY DEVELOPMENT FOR BARTLETT, TENNESSEE

INTRODUCTION

T.C.A. Section 9-21-151(b)(1) authorizes the State Funding Board to develop model finance transaction policies for use by public entities, including municipalities. After a public comment period and public hearing in late 2010, the SFB adopted, on December 15, 2010, its statement on debt management. As a result of that action by the SFB, all public entities incurring or issuing debt in Tennessee shall be required to adopt a debt management policy by January 1, 2012. In assessing the existing lack of debt policies by many local governments and to mitigate the effects of future debt issuance decisions by uninformed legislative bodies, the SFB determined that adopting financial policies can help entities:

- Make better financial decisions;
- Provide clear objectives for staff;
- Demonstrate strong financial management practices to credit rating agencies; and
- Distinguish policy decisions from transaction decisions.

The debt policy adopted by a municipality should address financing needs and the role debt will play in the overall financial management strategy. The policy need only address the particular types of debt that the municipality plans to use. For those municipalities that borrow only through a community financial institution, a federal or state agency loan program or pooled loan programs a simple policy may meet its needs. Other municipalities that routinely go to the municipal capital markets or use debt types featuring interest rate swaps or other derivative type debt instruments will necessarily be required to adopt a more detailed debt policy outlining the funding requirements of their capital programs.

Before adopting a policy, the members of the municipal legislative body should have a basic understanding of public finance. This will allow its members to more fully participate in the public policy discussions regarding its debt issuance. This knowledge will also be beneficial during discussions with internal finance staff as well as outside professionals.

In making its decision to require a debt management policy of public entities, the State Funding Board, using recommendations of the Comptroller of the Treasury, required that any debt policy should contain the following four principles:

- Government body should understand the transaction;
- Explain to the citizens what is being considered;
- Avoid conflicts of interest; and
- Disclose all costs of issuance and associated risks.

There are a couple of definitions that are important in developing and understanding the requirements of the debt management policy. A public Entity is defined as the state, state agency, local government, local government instrumentality, and any board, district instrumentality, or City created by them or any

combination thereof. This is important for municipalities because any of the numerated entities above that are authorized to issue debt of any kind must have its own debt policy.

The second definition is in regard to debt. A debt obligation is defined as bonds, notes, capital leases, loan agreements, or other evidence of lawful indebtedness. In this regard, short-term borrowings such as inter-fund loans and long-term General Obligation Bonds must equally be provided for in the municipality's debt management policy.

The State Funding Board further suggests that any debt policy should address the following items in reasonable detail and should include methods by which the public and all stakeholders are informed about them:

- Any decisions to finance debt, how debt instruments will be structured and sold, and all proposed and actual costs involved in issuing the debt;
- Any extra costs related to issuing debt such as the costs of work performed by professionals;
- The selection process for professionals who provide services related to debt;
- Any conflicts of interest;
- All ongoing debt and related costs;
- All initial and ongoing federal compliance issues such as arbitrage and disclosure issues; and
- The plan for regularly reviewing and amending the policy.

Debt management policies are written guidelines and restrictions that affect the amount and type of debt issued by a state or local government, the issuance process, and the management of a debt portfolio. A debt management policy improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals, and demonstrates a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a debt management policy signals to rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner.

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. An effective debt management policy provides guidelines for a government to manage its debt program in line with those resources.

Since the guidelines contained in the Policy require regular updating in order to maintain relevance and to respond to the changes inherent in the capital markets, the City plans to revisit the Policy on an annual or more frequent basis.

MINIMUM REQUIREMENTS OF THE POLICY

According to information provided on the Comptroller's of the Treasury's website, a debt policy must address provisions that cover transparency, use of professionals, potential and apparent conflicts of interest, and specific justification for deferring or back-loading principal and interest payments on long-term notes and bonds.

For all public entities, the policy must require clear disclosure of the terms and life of each debt issue, including principal and interest payments. This disclosure must include a debt service schedule outlining

the rate of retirement for the principal amount and in no case should payment of principal or interest exceed the useful life of any asset financed. It is further recommended that the policy address the maximum total level of debt that the municipality is willing to assume. Popular debt ratios such as debt per capita, debt service as a percentage of revenues or expenditures, and direct debt as a percentage of taxable market value of property may be used to set limits on debt exposure for the municipality. These ratios should be monitored both before additional debt is authorized and periodically reported to the governing body.

The Comptroller recognizes that variable rate debt can be used as a valuable tool by providing flexibility and reducing the overall cost of debt. It is also recognized that variable rate debt may expose the municipality to additional risks during market fluctuations. For this reason, any debt policy should address both the level and type of variable rate debt that the municipality is willing to assume at any time. Additional suggestions include statements on the process for decision-making and issuance of debt, the management and monitoring of any issued debt, and a plan for regular review and revision of the debt policy by local elected officials and staff.

Because of the distinctive nature of each municipality's capital and debt financing needs, there is not a single generic debt policy that might be used interchangeably from one city to another. Therefore a municipality should adopt its own policy designed for its own needs. This requires each municipality to consider both past uses of debt financing and future funding sources for the acquisition and/or construction of capital items including in its capital improvement plan. Decisions about what to include in the debt policy should be done at the local level with finance staff and local elected officials taking responsibility for its formulation and implementation.

The City of Bartlett Finance staff presents the following debt policy for consideration by the Board of Mayor and Aldermen in order to be in compliance with the State Funding Board's directive by January 1, 2012.

BARTLET DEBT MANAGEMENT POLICY

POLICY STATEMENT

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City of Bartlett, Tennessee (the City). This policy reinforces the commitment of the City and its officials to manage the financial affairs of the City *so as to minimize risks and ensure transparency while still meeting the capital needs of the City*. A debt management policy signals to the public and the rating agencies that the *City is using a disciplined and defined approach to financing capital needs* and fulfills the requirements of the State of Tennessee regarding the adoption of a debt management policy.

In managing its debt, it is the City's policy to:

- Achieve the lowest cost of capital
- Ensure high credit quality
- Assure access to the capital credit markets
- Preserve financial flexibility
- Manage interest rate risk exposure

GOALS AND OBJECTIVES

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt. In addition, the Debt Management Policy ("Policy") helps to ensure that financings undertaken by the City satisfy certain clear objective standards which allow the City to protect its financial resources in order to meet its long-term capital needs. The adoption of clear and comprehensive financial policies enhances the internal financial management of the City.

The following objectives of this debt management policy meet the minimum requirements of the *statement on debt management* as adopted by the State Funding Board.

1. Enhance decision process transparency
2. Address hiring outside professionals
3. Address any potential conflict of interest issues
4. Optional considerations regarding debt policies

ISSUANCE PROCESS

The City charter, which was approved by private Act of the Tennessee Legislature as Chapter 55 in 1993, as amended, authorizes the City to issue general obligation bonds and other debt subject to the approval by the Board of Mayor and Aldermen. Additionally, provisions of *the Local Government Public Obligations Law*, found at T.C.A. 9, Part 21, *Contracts, Leases, and Lease Purchase Agreements*, found at T.C.A. 7, Part 9, other Tennessee State statutes, and the Federal Tax Code may govern the issuance or structure of the City's debt instruments.

As described later in this document, the Finance Director may submit proposed changes to the existing debt policy from time to time when it becomes apparent changes in the current policy are required or desirable. As part of the presentation by the Finance Director on each bond authorizing resolution, there will be a discussion on how the proposed debt is consistent with the current debt management policy. If a conflict exists between the proposed debt issuance and the current policy, the bond resolution must be amended to conform to the policy or be tabled until the full Board of Mayor and Aldermen has amended the existing debt management policy to allow for the exception.

CREDIT OBJECTIVES

The City's debt management activities will be conducted to receive the highest credit ratings possible, consistent with the City's financing objectives. The City will strive to maintain the highest general obligation rating possible given the national economic and municipal bond market conditions at the time of issuance. The City will use the services of at least two of the three national rating agencies when possible. The Finance Director and chief administrative officer will review the city's credit ratings annually and make a presentation to the Board of Mayor and Aldermen explaining the City's current rating and any circumstances that may positively or adversely affect the City's General Obligation credit rating or its ability to obtain necessary debt financing at reasonable market rates. The City may consider the use of credit enhancements on a case-by-case basis, including the use of bond insurance and letters of credit when appropriate.

TRANSPARENCY REQUIREMENTS

The City shall comply with legal requirements for notice and for public meetings related to debt issuance. In the interest of transparency, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens/members, governing body, and other stakeholders in a timely manner. All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites. Additional considerations for transparency of the city's debt policy and issuance of debt include:

1. It is understood that the issuance of debt will require 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 City and/or its Financial Advisor and Bond Counsel will ensure compliance with TCA, the IRS Code and all applicable 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.

2. The State Comptroller's Form CT-0253 shall be filed by the City or its Financial Advisor with the state within 45 days of the issuance of any new debt obligations of the city as required by state law.
3. An annual debt report shall be submitted to the city's legislative body by July 1st of each year. The report shall consist of but not be limited to:
 - Budget summary and detailed budget as required by the Comptroller's office
 - Net Debt Calculation (Total Principal outstanding less most recent year respective restricted or committed fund balance for retirement of debt)
 - Other debt ratio calculations as required by this policy

DEBT AFFORDABILITY

The City will seek to limit its total outstanding debt obligations by adopting guidelines which permit and facilitate long-term access to capital while ensuring that financial leveraging decisions do not negatively impact the City's operations. 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 property tax base. The City adopts the following debt affordability ratios as a guide for elected officials and finance staff in the type, structure, and duration of debt instruments necessary to fund the City's capital programs. The City retains the option of using any one or a combination of the listed ratios to consider the ability to repay debt.

1. Total Assessed Value – debt as a percent of total property assessments of property within the jurisdiction of the City – measures the debt liability relative to total assessed value of taxable property. The City will seek to limit its annual direct general obligation debt obligations to 5.0% of total assessed value of taxable property.
2. Total Budget Resources – debt service as a percent of operating expenditures. The total annual debt service obligation for long-term G.O. debt (excluding short-term capital outlay notes) will not exceed fifteen (15) percent of the total operating budgets for the General Fund and any Special Revenue Fund for which debt is issued in any given year.
3. Wealth and Income of Community – direct general obligation debt per capita – measures the net debt to population. The City will maintain a direct debt per capita ratio of less than \$2,000.

BOND STRUCTURE

The City shall establish all terms and conditions relating to the issuance of bonds and will invest all bond proceeds pursuant to the terms of the City's Investment Policy. Unless otherwise authorized by the City, the following shall serve as the 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 life of the improvements, and in consideration of the ability of the City to absorb the additional debt service expense within the debt affordability guidelines, but in no event will the term exceed forty (40) years. The Finance Director and the Chief Administrative Officer of the City will make the determination debt term and provide information to the legislative body in regard to life expectancy for the capital project.

- 2. Capitalized Interest**

From time to time certain financings may require the use of capitalized interest from the issuance date until the City has beneficial use and/or occupancy of the financed project. Interest may be capitalized through a period permitted by federal law and State statute if it is determined that doing so is beneficial to the financing by the Finance Director.
- 3. 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 life of facilities. The City shall avoid the use of bullet or balloon maturities, absent sinking fund requirements, except in those instances where these maturities serve to make existing overall debt service level or to match a specific income stream.

Debt which is supported by project revenues and is intended to be self-supporting will be structured to achieve level proportional coverage to expected available revenues.
- 4. Call Provisions**

In general, the City's securities will include a call feature no later than ten (10) years from the date of delivery of the bonds. The City will avoid the sale of long-term non-callable bonds absent careful evaluation by the City's Finance Director with respect to the value of the call option.
- 5. Original Issuance Discount/Premium**

Bonds with original issuance discount/premium will be permitted.
- 6. Structured Products**

The determination of the City to consider the use of structured products as a hedge against interest rate risk or a method to lower its cost of borrowing will be made by the Finance director after consulting with the City's Financial Advisor as appropriate. The City will comply with state guidelines and will be able to quantify and understand the potential risks or to achieve fixed and/or variable rate exposure targets. The City will not use structured products for speculative purposes.

TYPES OF DEBT

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

Security Structure

- 1. General Obligation Bonds**

The City may issue general obligation bonds supported by the full faith and credit of the City. General Obligation bonds shall be used to finance capital projects that do not have independent creditworthiness and significant ongoing revenue streams. The City may also use its General Obligation pledge to support other revenue-supported bond issues, if such support improves the economics of the other bond issue and is used in accordance with these guidelines.
- 2. Revenue Bonds**

The City may issue revenue bonds, where repayment of the debt service obligations of the bonds will be made through revenues generated from specifically designated sources. Revenue bonds will typically be issued for capital projects which can be supported from project or enterprise-related revenues and may include the use of tax increment financing (TIF).

3. Double-Barreled Bonds

In addition to a security pledge of all the Water and Sewer System's revenue available to pay debt service, the City may pledge its "full faith and credit" as a secondary pledge for all bonds issued to fund treatment and distribution facilities of the City's water and sewer system.

4. Capital Leases

The City may use capital leases to finance projects and equipment when it is determined to be in the best financial interests of the City.

Duration

1. Long-Term Debt (maturing after 3 years)

The City may issue long-term debt where it is deemed that capital improvements should not be financed from current revenues or short-term borrowings. Long-term borrowing 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 life of the project(s).

- a) *Serial and Term Bonds* may be issued in either fixed or variable rate modes to finance capital infrastructure projects with an expected life of three years or greater.
- b) *Capital Outlay Notes* may be issued to finance capital infrastructure projects and equipment with an expected life of three to seven years.

2. Short-Term Debt (maturing within three years)

Short-term borrowing may be utilized for the construction period of a long-term project or for the temporary funding of operational cash flow deficits or anticipated revenues (defined as an assured source with the anticipated amount based on conservative estimates) subject to the following policies:

- a) *Bond Anticipation Notes (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 law and State statute. BANs shall mature within 6 months after substantial completion of the financed facility.
- b) *Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs)* shall be issued only to meet cash flow needs consistent with projections by the Finance Director determined by a cash flow analysis of operating revenues and expenditures. Amounts may not exceed 60% of approved appropriations and must be retired no later than June 30 of each year.
- c) *Interfund Loans* may be used from time to time to fund capital projects of a fund rather than financing through a financial institution. The Finance Director must certify to the legislative body that sufficient surplus funds exist in the fund executing the loan. Interfund loans shall only be issued in compliance with state regulations and limitations.

- d) *Other Short-Term Debt*, including commercial paper notes, 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 rate mode. The City will determine and utilize the least costly method for short-term borrowing. The City may issue short-term debt when there is a defined repayment source or amortization of principal.

Interest Rate Modes

Fixed Rate Debt

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

Variable Rate Debt

The percentage of net variable rate debt outstanding shall not exceed 20% of the City's total outstanding debt and will take into consideration the amount and investment strategy of the City's operating cash.

USE OF SYNTHETIC DEBT

At this time, the City chooses not to use derivate or other exotic financial structures in the management of the City's debt portfolio. Prior to any proposed use of such, a review of the conditions for entering into such agreements required under the State Funding Board's guidelines will be performed by the Finance Director and a draft derivative policy shall be presented for review and approval by the City legislative body.

REFINANCING OUTSTANDING DEBT

The Finance Director with assistance from the City's Chief Administrative Officer shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The Finance Director, with assistance of the Financial Advisor, will conduct an analysis of all refunding candidates at least annually to identify potential refunding candidates from all outstanding bond maturities. The 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 Finance Director will establish a minimum net present value savings threshold of 5.0% of the advanced refunded bond principal amount. Net present value savings shall equal to at least one and one half (1.5) times the cost of issuance associated with the financing. If net present value savings is less than 5.0%, the Finance Director may consider other reasons for refinancing the debt. Current refunding opportunities will be considered by the Finance Director if the refunding generates positive net present value savings. All plans for current or advance refunding of debt must be in compliance with state laws and regulations.

2. Restructuring for economic purposes

The City will refund debt when it is in the best financial interest of the City to do so. Such refunding may 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.

3. Term of Refunding Issues

The City will refund bonds within the term of the originally issued debt. However, the Finance director may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. The Finance director may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

4. Escrow Structuring

The City shall structure refunding escrows using permitted securities deemed to be prudent under the circumstances and will endeavor to utilize the least costly securities unless considerations of risk, reliability and convenience dictate otherwise. Preference will be given to State and Local Government Obligations (SLGS) issued by the U.S. Treasury. 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. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the City from its own account.

5. Arbitrage

The City shall take all necessary steps to optimize escrows in its refunding subject to the City's investment policies. Any positive arbitrage will be rebated as necessary according to Federal guidelines.

METHODS OF ISSUANCE

The City or its designee will determine the method of issuance on a case-by-case basis in accordance with the provisions of Title 9, Chapter 21, Tennessee Code Annotated, codified as "The Local Government Public Obligations Law".

1. Competitive Sale

In a competitive sale, the City's bonds 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.

2. Negotiated Sale

While the City prefers the use of a competitive process, the City recognizes that some securities are best sold through negotiation. In a negotiated sale, the underwriter(s) will be chosen through an RFP process or negotiations with pooled programs prior to the sale. The factors to be considered by the City shall include the following:

- a. State prohibitions against negotiated sales,

- b. A structure which may require a strong pre-marketing effort,
- c. Size of the issue which may limit the number of potential bidders,
- d. Market volatility is such that the City would be better served by flexibility in timing a sale,
- e. Whether the Bonds are issued as variable rate demand obligations.

3. 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 result in a cost savings to the City relative to other methods of debt issuance and in accordance with state law.

UNDERWRITER SELECTION (NEGOCIATED TRANSACTION)

As noted earlier, it is the intent of the City to issue bonds through a competitive bid process rather than through a negotiated sale using the services of an Underwriter. However, if an underwriter is used for a debt issue, the City shall 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 shall be required to provide pricing information both as to interest rates and to takedown per maturity to the City Finance Director in advance of the pricing of the debt.

CONSULTANTS AND OTHER PROFESSIONALS

The City shall require all 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.

- Counsel: 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 any lawyer or law firm which is under a general appointment or contract to serve as counsel to the City and not serving as bond counsel for the transaction.*
- Financial Advisor: The City shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions. The City will adjust this policy as required to comply with the provisions of the Municipal Securities Rulemaking Board Rule G-23 (Activities of Financial Advisors) as it applies to securities, including exceptions to the prohibition.
 - Whether in a competitive or negotiated sale, the financial advisor shall not be permitted to bid, privately place or underwrite an issue for which they are or have been providing advisory services.
 - Paying Agents: Services and costs for paying agent fees for each debt obligation shall be determined based on a Request for Proposal from qualified agents. Consideration will be given to the lowest and best bid received for these services.

CONFLICTS OF INTEREST

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 advisor, swap advisor, 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 City to appreciate the significance of the relationships.

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.

DISCLOSURE REQUIREMENTS

The City will provide annual financial and economic information to all Nationally Recognized Municipal Information Repositories (NRMSIRs) designated by the SEC and the State Information Depository (SID) if established within the State of Tennessee. The City will file through the Electronic Municipal Market Access (EMMA) Dataport of the Municipal Securities Rulemaking Board (MSRB) its annual financial information within twelve months after the end of the City's fiscal year and will provide notice of the occurrence of any of the following material events in compliance with Rule 15c2-12 of the Securities Exchange Act of 1934:

- Principal and interest payment delinquencies
- Nonpayment-related defaults
- Unscheduled draws on bond-related reserves
- Unscheduled draws on credit enhancements
- Substitution of credit or liquidity providers or the failure of performance on the part of a liquidity provider
- Adverse tax opinions or events affecting the tax-exempt status of any bonds
- Modifications to rights of bond holders
- Bond calls
- Tender offers
- Defeasances, release, substitution, or sale of property securing repayment of securities
- Bankruptcy, insolvency, receivership or similar event
- Rating changes
- Merger, consolidation, or acquisition, in material; and appointment of a successor or additional trustee, or the change of name of a trustee, and
- Notices of failures to provide annual financial information on or before the date specified in the written agreement

The City will maintain a system of record keeping and reporting which complies with the arbitrage rebate compliance requirements of the federal tax code.

DEBT POLICY REVIEW

The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt instruments. The City maintains the right to modify these guidelines and may make exceptions to any of them at any time to the extent that the execution of such debt issuance achieves the overall goals of the City.

This policy will be reviewed prior to the budget process no later than June 30th annually. The Finance Director will have responsibility to draft any recommendations for amendments, deletions, additions, improvements or clarification and submit to the budget committee of the Board of Mayor and Aldermen at least 90 days prior to the start of each fiscal year. The draft policy shall be presented in two (2) public meetings, the first to include a presentation by the Finance Director as to the rationale for each section of the proposed policy and the second to hear public comment on the proposed policy. Revisions to this policy must first be approved by the City of Bartlett Board of Mayor and Aldermen. Upon approval, the Finance Director shall forward a copy to the Office of State and Local Finance within 30 days or prior to the issuance of any new debt instruments, whichever comes first.

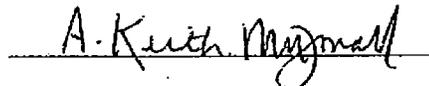
ADOPTION OF THE POLICY

A public hearing on the Policy was held on the following date: December 13, 2011.

The Board of Mayor and Aldermen adopted this policy on December 13, 2011, effective December 13, 2011.



W.C. (Bubba) Pleasant, Register to the
Board of Mayor and Aldermen



A. Keith McDonald, Mayor

Attest: 

Stefanie McGee, City Clerk