



SULLIVAN COUNTY

OFFICE OF ACCOUNTS & BUDGETS

3411 Highway 126, Suite 202 ▪ Blountville, Tennessee 37617
E-Mail: acctsdir@sullivancountytn.gov
(423) 323-6409 ▪ Fax: (423) 279-2899

FINANCE
BUDGETING
ACCOUNTS
PAYABLE

PERSONNEL
PAYROLL
EMPLOYEE
BENEFITS

May 6, 2013

Mrs. Mary-Margaret Collier, Director
Office of State and Local Finance
James K. Polk State Building, Suite 1600
505 Deaderick Street
Nashville, TN 37243-1402

RECEIVED

MAY 09 2013

STATE AND LOCAL FINANCE

Dear Mrs. Collier,

The low taxable interest rates in the current capital financial market provides an opportunity for Sullivan County to refinance one of its bond issues - \$16,320,000 General Obligation Refunding Bonds, Series 2005, dated September 1, 2005 for a projected anticipated net of all cost savings of approximately \$1,400,494 as presented in the enclosed documents.

Upon a review of the Tennessee Code Annotated Title 9, the directive letter from the Office of State and Local Finance dated March 7, 2011, the Sullivan County Debt Management Policy, the Tennessee State Funding Board Policy dated September 8, 2011 and other sources, we have attempted to prepare a Plan of Refunding with multiple exhibits to support our request. We are requesting that you approve the issuance of refunding bonds at a competitive sale pursuant to TCA-9-21-910 as described in the Plan of Refunding and exhibits.

If you have any questions or need additional information, please contact us or the County's Financial Advisors Tom McAnulty or Ashley McAnulty at Stephens Inc. at 279-4333 or 279-4334 as listed on the Plan. If possible we plan to ask the County Commission at its regular meeting on Monday, May 20, 2013, to approve the Refunding Bond Resolution and other information. We appreciate your consideration of this request.

Sincerely,

Steve Godsey
County Mayor

cc: Bill Anderson, Director of Accounts and Budgets, Sullivan County
Tom McAnulty, Stephens Inc.
Ashley McAnulty, Stephens Inc.

EXHIBIT A
SULLIVAN COUNTY, TENNESSEE
PLAN OF REFUNDING SERIES 2005 General Obligation Refunding Bonds
INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE
Dated: May 8, 2013

1. Entity Information:

- a. Name of Government:** Sullivan County, Tennessee
- b. Name of Governing Body:** Sullivan County Board of Commissioners
- c. County Mayor** Steve Godsey
- d. Mailing Address:** Sullivan County Courthouse
3411 Hwy. 126
Suite 206
Blountville, TN 37617
- e. Telephone Number:** (423) 323-6417
- Fax Number:** Fax: 423-279-2897
- f. E-mail Address:**
- g. Contact for Additional Information:**

Telephone Number: Bill Anderson, Finance Director
(423) 323-6409
Fax Number: Fax: (423) 279-2899
E-Mail Address acctsdir@sullivancounty.org

- h. Third Party Authorization :** Tom McAnulty
- Financial Advisor** Stephens Inc.
- Telephone Number:** 615-279-4333
- Fax Number:** 615-279-4351
- E-Mail Address** tmcanulty@stephens.com

2. Timing of Information:

- a. County Budget Committee Meeting:**
- b. County Commission Regular Meeting:** Monday, May 20, 2013

SULLIVAN COUNTY, TENNESSEE
PLAN OF REFUNDING SERIES 2005 General Obligation Refunding Bonds
INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

Dated: May 8, 2013

3. Specific Request for:

- a. Pursuant to TCA 9-21-101 et seq., specifically TCA 9-21-903: It is requested that the Comptroller's designee review and approve the refinancing of the County's Series 2005 General Obligation Refunding Bonds. The Refunding Bonds will be sold at a public competitive sale with the proceeds to be used to defease the Series 2005 Bonds on April 1, 2016.
- The Refunding issue will be structured to maintain approximately the same weighted average life of the issue considering the underwriting fee and any other costs projected at \$14,770,000 for the total refinancing.
- The maturity of the 2013 GO Refunding Bonds does not exceed the useful life of the capital assets originally financed in 2005 since the final maturity will remain the same.

<u>Series</u>	<u>Dated Date & Maturities to Refinance</u>	<u>Amount Callable</u>	<u>G.O. Refunding Bonds</u>
(To be refinanced with Series 2013)			
2005	All remaining maturities of April 1, 2016 through April 1, 2024	\$13,115,000	The original \$16,320,000 Series 2005 General Obligation Refunding Bonds were issued to refund the County's General Obligation School Bonds, Series 1998, dated December 1, 1998, maturing April 1, 2012 through April 1, 2024, inclusive April 1, 2021 and April 1, 2024 and its School Bonds, Series 1999 dated December 1, 1998 maturing April 1, 2012 through April 1, 2018 inclusive April 1, 2021 and April 1, 2024 and to pay costs of issuance of the Series 2005 Bonds.

b. Approval for:

- i. Final Maturity: Final maturity of the Refunding Bonds will be the same as the original Series 2005 Bonds. There is NO planned restructuring or extending of original maturities.

SULLIVAN COUNTY, TENNESSEE

PLAN OF REFUNDING SERIES 2005 General Obligation Refunding Bonds INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

Dated: May 8, 2013

ii. Competitive Sale

Pursuant to TCA 9-21-903, the approval of a public competitive sale is requested as the "governing body of the local government may direct". Pursuant to TCA 9-21-902 before the underwriter enters the capital market to sell the Refunding Bonds, the County's designated official after a review of the offering and the current financial analysis considering the current taxable interest rates will approve the timing of the competitive sale to award the bond sale to the bidder offering the lowest average true interest cost (TIC).

(a) Reasons for a Competitive Sale:

The primary reasons for requesting approval for a competitive sale are:

(1) Volatile Interest Rate Market:

Current fixed, taxable interest rates are at a very low point allowing the County to issue fixed taxable interest rate refunding bonds to pay off the tax-exempt callable bonds of Series 2005 Bonds beginning with April 1, 2016 through April 1, 2024 having an average interest rate of 5.08% with a projected refinancing average TIC rate of 1.88%.

(2) Cost of Issuance and Projected Savings

The projected cost of issuance is \$68,021 plus an estimated \$84,927 (.575% subject to competitive bid) for the underwriting fee for a competitive sale, producing a projected net savings of \$1,400,494 for 7.912% of total refunded debt service or 9.681% of refunded principal.

c. Information and Documents Related to New Refunding Bond Issue

(a) Proposed Refunding Bond Resolution:

Not required for a Competitive Sale

(b) Preliminary Official Statement

Not required for a Competitive Sale

(c) Detailed Statement of the Cost of Issuance:

See the attached Detailed Cost of Issuance in the **Exhibit F1 Financial Analysis**.

(d) Local Government Statement:

The proposed public competitive sale is feasible; considering the issuance at the current fixed taxable interest rates. The County will amortize the proposed indebtedness together with all of other obligations outstanding as it had intended when the original bonds were issued.

(e) Sullivan County Debt Management Policy Statement authorization of a private negotiated sale: See Exhibit G.

The County plans to issued the refunding bonds for savings only through competitive bid bond sale. Please see the attached Debt Management Policy which reflect the approval and review process for issuance of debt by the County.

SULLIVAN COUNTY, TENNESSEE
PLAN OF REFUNDING SERIES 2005 General Obligation Refunding Bonds
INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

Dated: May 8, 2013

- 4. Identification of Key Professionals:** See Exhibit D: Distribution List
- 5. Purpose of Refunding:**
- a. Uniform Annual Savings Only** While taxable interest rates are at a very low point, the refinancing of the Series 2005 Bonds is for the purpose of obtaining uniform annual savings only.
 - b. Financial Analysis Schedules:** See Exhibit F1 Refinancing Analysis of Series 2005 GO Refunding Bonds
 - c. Restructuring of Current Debt Principal Amounts:** NO restructuring of the principal payments of the current obligations is being considered.
 - d. Restructure and Elimination of Contractual Covenants:** N/A
 - e. Restructure the Form of Obligation to Reduce or Eliminate Risks:** N/A
- 6. Sullivan County Debt Management Policy Requirements:** The refinancing request complies with the County's debt management policy. See **County's Debt Management Policy Exhibit G** .
- 7. Refunding Financial Analysis Schedules:** See Exhibit F1 Refinancing Analysis of Series 2005 GO Refunding Bonds. See the enclosed Refinancing Analysis.
- a. Refunding Debt:**
- i. Maximum Size:** Exhibit F1 Refinancing Analysis projects the maximum size of the issue at \$14,770,000.
 - ii. Anticipated Size:** The only anticipated size difference will be the result of interest rate changes, any reoffering premium, and the underwriter's spread related to the sale.
 - iii. Final Weighted Average Maturity Compared to the Series 2005 Bonds:** The weighted average of the current Series 2005 General Obligation Bonds will be almost the same based on the additional bonds related to cost of issuing the refunding bonds. The weighted average of the Series 2005 Bonds to be refunded is 7.285 years, and the Refunding Bonds is projected to be 6.810 Years. See Exhibit F1 Financial Analysis for a comparison of the two weighted averages.

SULLIVAN COUNTY, TENNESSEE

PLAN OF REFUNDING SERIES 2005 General Obligation Refunding Bonds INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

Dated: May 8, 2013

- iv. Type of Refunding: Advanced refunding with a call date of April 1, 2015
- v. Principal Maturity Structure Principal payments will be from April 1, 2014 to April 1, 2024 as currently scheduled for the Series 2005 Bonds.
- vi. Cost of Issuance: The estimated cost of issuance for the Refunding bonds is \$68,022 or \$4.60 per \$1,000 plus an estimated underwriter fee of \$84.927 or \$5.75 per \$1,000 bonds issued for a projected total of \$152,949 or \$10.35 per \$1,000 of the total principal of \$14,770,000 projected for the issue. See Page 13 of Exhibit F1 Financial Analysis.
- vii. Sources and Uses of Funds The estimated sources and uses of funds are presented on page 13 of **Exhibit F1 Financial Analysis**.

b. Refunded Debt Issues

- i. Current Debt Issue : The Sullivan County, Tennessee \$16,320,000 GO Refunding Bonds, Series 2005 were issued September 1, 2005
 - (a) Date of Issue: September 1, 2005
 - (b) Date of Authorization: On or about 9/1/2005
 - (c) Type of Debt: The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. The full faith and credit of the County are irrevocably pledged.
 - (d) Bank-qualified: Not bank-qualified
 - (e) Small Issuer IRS Exception: Not Applicable
 - (f) Copy of State Report CT-0253: See **Exhibit H1**
 - (g) Projects Funded with Proceeds: The Series 2005 General Obligation Refunding Bonds were issued to refund the County's General Obligation School Bonds, Series 1998, dated December 1, 1998, maturing April 1, 2012 through April 1, 2024, inclusive April 1, 2021 and April 1, 2024 and its School Bonds, Series 1999 dated December 1, 1998 maturing April 1, 2012 through April 1, 2018 inclusive April 1, 2021 and April 1, 2024 and to pay costs of issuance of the Series 2005 Bonds.
 - (h) Weighted Average Life of Issue: The weighted average of the current Series 2005 Bonds will be almost the same based on the additional bonds related to cost of issuing the refunding bonds. The weighted average of the Series 2005 Bonds to be refunded is 7.285 years, and the Refunding Bonds is projected to be 1.88 Years. See page 3 and 9 of Exhibit F1 Financial Analysis for a comparison of the two weighted averages.

SULLIVAN COUNTY, TENNESSEE

PLAN OF REFUNDING SERIES 2005 General Obligation Refunding Bonds INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

Dated: May 8, 2013

- (l) Projected Life of Capital Assets: The life of the Refunding Bond issue does not exceed the life of the capital assets financed by the proceeds of the original bond issues.
- (j) Remaining Project Life as of April 29, 2013 The projected life of the Refunding Bonds does NOT exceed the original expected life of the capital assets funded by the original bonds.
- (k) CUSIP Number of Final Maturity The last maturity CUSIP number is 865287QZ
- (l) Principal Amounts to be Refunded: All callable principal amounts maturing 2016 through 2024 will be refunded maturing 2014 through 2024.
- (m) Callable Feature: Since the bonds only have a remaining life of approximately 10 years the bonds will be issued non-callable.
- c. Derivative Products:** The County has NO derivative products.
- d. Prior Refunding of Current Refunded Debt** The Series 2005 General Obligation Refunding Bonds were issued to refund the County's General Obligation School Bonds, Series 1998, dated December 1, 1998, maturing April 1, 2012 through April 1, 2019, inclusive April 1, 2021 and April 1, 2024 and its School Bonds, Series 1999 dated December 1, 1998 maturing April 1, 2012 through April 1, 2018 inclusive April 1, 2021 and April 1, 2024 and to pay costs of issuance of the Series 2005 Bonds.

Exhibit D
Distribution List

[This page is intentionally left blank]

Distribution List

Sullivan County, Tennessee

\$14,770,000 General Obligation School Refunding

Bonds, Series 2013 (Taxable)

Engagement Number 362218

Issuer:	Honorable Steve M. Godsey County Mayor mayor@sullivancountytn.gov Wanda Bartee Wanda.bartee@sullivancountytn.gov 3411 Highway 126, Suite 206 Blountville, TN 37617	Phone: (423) 323-6417 Fax: (423) 279-2897
	Bill Anderson Director of Accounts & Budgets William.anderson@sullivancountytn.gov Alan Mahaffey alan.mahaffey@sullivancountytn.gov 3411 Highway 126, Suite 202 Blountville, TN 37617	Phone: (423) 323-6409 (423) 279-2800 Fax: (423) 279-2899 Phone: (423) 323-6415 Fax: (423) 279-2899
	Ms. Frances W. Harrell County Trustee P.O. Box 550 3411 Highway 126, Suite 104 Blountville, TN 37617	Phone: (423) 323-6464 Fax: (423) 323-4141 Frances.harrell@sullivancountytn.gov
	Jeanie Gammon, County Clerk 3258 Highway 126, Suite 101 Blountville, TN 37617	Phone: (423) 323-6434 Main: (423) 323-6428 Fax: (423) 279-2725 Jeanie.gammon@sullivancountytn.gov
County Attorney:	Dan Street, Esq. P.O. Box 509 3411 Highway 126, Suite 209 Blountville, TN 37617	Phone: (423) 323-6481 Fax: (423) 279-2728 Scattorney1@scattorney.us scattorney@scattorney.us
Bond Counsel:	Charlie Wray, Esq. cwray@bassberry.com Ms. Debbie Ramage dramage@bassberry.com Bass, Berry & Sims PLC 315 Deaderick Street, Suite 2700 Nashville, TN 37238	Phone: (615) 742-6238 Fax: (615) 742-2738 Phone: (615) 259-6796 Fax: (615) 742-2876
Financial Advisor:	Tom McAnulty tmcanulty@stephens.com jstarcher@stephens.com Ashley McAnulty amcanulty@stephens.com Stephens Inc. 3100 West End Avenue One American Center, Suite 630 Nashville, TN 37203	Phone: (615) 279-4333 Fax: (615) 279-4351 Phone: (615) 279-4334 Fax: (615) 279-4351
Reg/Paying Agent:	TBD	
Rating Agency:	TBD	
Underwriter:	TBD	

[This page is intentionally left blank]

Exhibit F-1

Projected Refunding Analysis

[This page is intentionally left blank]

A REFINANCING OF SERIES 2005 SCH REFG BONDS

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

Projections Calculated with TAXABLE Rates and Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Table of Contents

Report

Debt Service Comparison and Savings Report	1
Prior Original Debt Service	2
Total Refunded Debt Service	3
Debt Service To Maturity And To Call	4
Escrow Fund Cashflow	6
Escrow Summary Cost	7
Series 2013 NEW Debt Service Schedule	8
Remaining Balance of Series 2005 Bonds NOT Refinanced	11
Pricing Summary	12
Sources & Uses	13

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Debt Service Comparison and Savings Report

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Date	Series 2013 New Refinancing Bond Issue	Remaining Balance of Series 2005 Not Refinanced	Total of Series 2013 and Series 2005 Balance	Balance of Series 2005 Before Refinancing	PROJECTED SAVINGS Reduction to Series 2005 Bonds
06/30/2014	512,053.75	939,000.00	1,448,387.87	1,579,487.50	131,099.63
06/30/2015	513,045.00	976,500.00	1,489,545.00	1,616,987.50	127,442.50
06/30/2016	1,541,477.50	-	1,541,477.50	1,670,487.50	129,010.00
06/30/2017	1,567,930.00	-	1,567,930.00	1,696,562.50	128,632.50
06/30/2018	1,636,455.00	-	1,636,455.00	1,764,075.00	127,620.00
06/30/2019	1,681,440.00	-	1,681,440.00	1,805,887.50	124,447.50
06/30/2020	1,712,070.00	-	1,712,070.00	1,837,950.00	125,880.00
06/30/2021	1,763,200.00	-	1,763,200.00	1,890,500.00	127,300.00
06/30/2022	1,834,130.00	-	1,834,130.00	1,963,500.00	129,370.00
06/30/2023	1,878,972.50	-	1,878,972.50	2,004,000.00	125,027.50
06/30/2024	1,938,585.00	-	1,938,585.00	2,063,250.00	124,665.00
Total	\$16,579,358.75	\$1,915,500.00	\$18,492,192.87	\$19,892,687.50	\$1,400,494.63

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	1,267,006.51
Net PV Cashflow Savings @ 1.952%(AIC).....	1,267,006.51
Contingency or Rounding Amount.....	2,665.88
Net Present Value Benefit	\$1,269,672.39
Net PV Benefit / \$4,515,645.45 PV Refunded Interest	28.117%
Net PV Benefit / \$16,047,241.29 PV Refunded Debt Service	7.912%
Net PV Benefit / \$13,115,000 Refunded Principal...	9.681%
Net PV Benefit / \$14,770,000 Refunding Principal..	8.596%

Refunding Bond Information

Refunding Dated Date	7/01/2013
Refunding Delivery Date	7/01/2013

2013 Gen Refg TAXABLE dd | SINGLE PURPOSE | 4/29/2013 | 4:05 PM

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$16,320,000 School Refg Bonds, Series 2005, Dated: 9/1/2005

Callable: 4/1/2015 at 102%

Balance of Series 2005 Bonds to be Refinanced with Series 2013 Bonds

Prior Original Debt Service (Balance of Series 2005)

Date	Principal	Coupon	Interest	Total P+i
10/01/2013	-	-	364,743.75	364,743.75
04/01/2014	850,000.00	5.000%	364,743.75	1,214,743.75
10/01/2014	-	-	343,493.75	343,493.75
04/01/2015	930,000.00	5.000%	343,493.75	1,273,493.75
10/01/2015	-	-	320,243.75	320,243.75
04/01/2016	1,030,000.00	4.750%	320,243.75	1,350,243.75
10/01/2016	-	-	295,781.25	295,781.25
04/01/2017	1,105,000.00	4.750%	295,781.25	1,400,781.25
10/01/2017	-	-	269,537.50	269,537.50
04/01/2018	1,225,000.00	4.750%	269,537.50	1,494,537.50
10/01/2018	-	-	240,443.75	240,443.75
04/01/2019	1,325,000.00	4.750%	240,443.75	1,565,443.75
10/01/2019	-	-	208,975.00	208,975.00
04/01/2020	1,420,000.00	4.750%	208,975.00	1,628,975.00
10/01/2020	-	-	175,250.00	175,250.00
04/01/2021	1,540,000.00	5.000%	175,250.00	1,715,250.00
10/01/2021	-	-	136,750.00	136,750.00
04/01/2022	1,690,000.00	5.000%	136,750.00	1,826,750.00
10/01/2022	-	-	94,500.00	94,500.00
04/01/2023	1,815,000.00	5.000%	94,500.00	1,909,500.00
10/01/2023	-	-	49,125.00	49,125.00
04/01/2024	1,965,000.00	5.000%	49,125.00	2,014,125.00
Total	\$14,895,000.00	-	\$4,997,687.50	\$19,892,687.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	6.566 Years
Average Coupon	5.1097834%
Weighted Average Maturity (Par Basis)	6.566 Years

Refunding Bond Information

Refunding Dated Date	7/01/2013
Refunding Delivery Date	7/01/2013

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$16,320,000 School Refg Bonds, Series 2005, Dated: 9/1/2005

Callable: 4/1/2015 at 102%

Balance of Series 2005 Bonds to be Refinanced with Series 2013 Bonds

Total Refunded Debt Service (Series 2005 Callable Bonds for Refinancing)

Date	Principal	Coupon	Interest	Total P+I
10/01/2013	-	-	320,243.75	320,243.75
04/01/2014	-	5.000%	320,243.75	320,243.75
10/01/2014	-	-	320,243.75	320,243.75
04/01/2015	-	5.000%	320,243.75	320,243.75
10/01/2015	-	-	320,243.75	320,243.75
04/01/2016	1,030,000.00	4.750%	320,243.75	1,350,243.75
10/01/2016	-	-	295,781.25	295,781.25
04/01/2017	1,105,000.00	4.750%	295,781.25	1,400,781.25
10/01/2017	-	-	269,537.50	269,537.50
04/01/2018	1,225,000.00	4.750%	269,537.50	1,494,537.50
10/01/2018	-	-	240,443.75	240,443.75
04/01/2019	1,325,000.00	4.750%	240,443.75	1,565,443.75
10/01/2019	-	-	208,975.00	208,975.00
04/01/2020	1,420,000.00	4.750%	208,975.00	1,628,975.00
10/01/2020	-	-	175,250.00	175,250.00
04/01/2021	1,540,000.00	5.000%	175,250.00	1,715,250.00
10/01/2021	-	-	136,750.00	136,750.00
04/01/2022	1,690,000.00	5.000%	136,750.00	1,826,750.00
10/01/2022	-	-	94,500.00	94,500.00
04/01/2023	1,815,000.00	5.000%	94,500.00	1,909,500.00
10/01/2023	-	-	49,125.00	49,125.00
04/01/2024	1,965,000.00	5.000%	49,125.00	2,014,125.00
Total	\$13,115,000.00	-	\$4,862,187.50	\$17,977,187.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	7.285 Years
Average Coupon	5.0890976%
Weighted Average Maturity (Par Basis)	7.285 Years

Refunding Bond Information

Refunding Dated Date	7/01/2013
Refunding Delivery Date	7/01/2013

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$16,320,000 School Refg Bonds, Series 2005, Dated: 9/1/2005

Callable: 4/1/2015 at 102%

Balance of Series 2005 Bonds to be Refinanced with Series 2013 Bonds

Part 1 of 2

Debt Service To Maturity And To Call (Escrow Account Cash Flow)

Date	Refunded Bonds	Premium	Refunded Interest	D/S To Call
10/01/2013	-	-	320,243.75	320,243.75
04/01/2014	-	-	320,243.75	320,243.75
10/01/2014	-	-	320,243.75	320,243.75
04/01/2015	13,115,000.00	262,300.00	320,243.75	13,697,543.75
10/01/2015	-	-	-	-
04/01/2016	-	-	-	-
10/01/2016	-	-	-	-
04/01/2017	-	-	-	-
10/01/2017	-	-	-	-
04/01/2018	-	-	-	-
10/01/2018	-	-	-	-
04/01/2019	-	-	-	-
10/01/2019	-	-	-	-
04/01/2020	-	-	-	-
10/01/2020	-	-	-	-
04/01/2021	-	-	-	-
10/01/2021	-	-	-	-
04/01/2022	-	-	-	-
10/01/2022	-	-	-	-
04/01/2023	-	-	-	-
10/01/2023	-	-	-	-
04/01/2024	-	-	-	-
Total	\$13,115,000.00	\$262,300.00	\$1,280,975.00	\$14,658,275.00

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$16,320,000 School Refg Bonds, Series 2005, Dated: 9/1/2005

Callable: 4/1/2015 at 102%

Balance of Series 2005 Bonds to be Refinanced with Series 2013 Bonds

Part 2 of 2

Debt Service To Maturity And To Call

Date	Principal	Coupon	Interest	Refunded D/S
10/01/2013	-	-	320,243.75	320,243.75
04/01/2014	-	5.000%	320,243.75	320,243.75
10/01/2014	-	-	320,243.75	320,243.75
04/01/2015	-	5.000%	320,243.75	320,243.75
10/01/2015	-	-	320,243.75	320,243.75
04/01/2016	1,030,000.00	4.750%	320,243.75	1,350,243.75
10/01/2016	-	-	295,781.25	295,781.25
04/01/2017	1,105,000.00	4.750%	295,781.25	1,400,781.25
10/01/2017	-	-	269,537.50	269,537.50
04/01/2018	1,225,000.00	4.750%	269,537.50	1,494,537.50
10/01/2018	-	-	240,443.75	240,443.75
04/01/2019	1,325,000.00	4.750%	240,443.75	1,565,443.75
10/01/2019	-	-	208,975.00	208,975.00
04/01/2020	1,420,000.00	4.750%	208,975.00	1,628,975.00
10/01/2020	-	-	175,250.00	175,250.00
04/01/2021	1,540,000.00	5.000%	175,250.00	1,715,250.00
10/01/2021	-	-	136,750.00	136,750.00
04/01/2022	1,690,000.00	5.000%	136,750.00	1,826,750.00
10/01/2022	-	-	94,500.00	94,500.00
04/01/2023	1,815,000.00	5.000%	94,500.00	1,909,500.00
10/01/2023	-	-	49,125.00	49,125.00
04/01/2024	1,965,000.00	5.000%	49,125.00	2,014,125.00
Total	\$13,115,000.00	-	\$4,862,187.50	\$17,977,187.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	7.285 Years
Average Coupon	5.0890976%
Weighted Average Maturity (Par Basis)	7.285 Years

Refunding Bond Information

Refunding Dated Date	7/01/2013
Refunding Delivery Date	7/01/2013

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Escrow Fund Cashflow (Investment of Escrow Funds)

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
07/01/2013	-	-	-	0.99	-	0.99
10/01/2013	313,911.00	0.050%	6,332.11	320,243.11	320,243.75	0.35
04/01/2014	307,519.00	0.090%	12,724.48	320,243.48	320,243.75	0.08
10/01/2014	307,727.00	0.130%	12,516.72	320,243.72	320,243.75	0.05
04/01/2015	13,685,227.00	0.180%	12,316.70	13,697,543.70	13,697,543.75	-
Total	\$14,614,384.00	-	\$43,890.01	\$14,658,275.00	\$14,658,275.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cash Deposit	0.99
Cost of Investments Purchased with Bond Proceeds	14,614,384.00
Total Cost of Investments	\$14,614,384.99
Target Cost of Investments at bond yield	\$14,225,374.12
Actual positive or (negative) arbitrage	(389,010.87)
Yield to Receipt	0.1781080%
Yield for Arbitrage Purposes	1.7882982%
State and Local Government Series (SLGS) rates for	4/29/2013

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Escrow Summary Cost

Maturity	Type	Coupon	Yield	\$ Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Escrow								
10/01/2013	SLGS-CI	0.050%	0.050%	100.000000%	313,911	313,911.00	-	313,911.00
04/01/2014	SLGS-CI	0.090%	0.090%	100.000000%	307,519	307,519.00	-	307,519.00
10/01/2014	SLGS-NT	0.130%	0.130%	100.000000%	307,727	307,727.00	-	307,727.00
04/01/2015	SLGS-NT	0.180%	0.180%	100.000000%	13,685,227	13,685,227.00	-	13,685,227.00
Subtotal		-	-	-	\$14,614,384	\$14,614,384.00	-	\$14,614,384.00
Total		-	-	-	\$14,614,384	\$14,614,384.00	-	\$14,614,384.00

Escrow

Cash Deposit	0.99
Cost of Investments Purchased with Bond Proceeds	14,614,384.00
Total Cost of Investments	\$14,614,384.99

Delivery Date 7/01/2013

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Part 1 of 2

Debt Service Schedule (New Series 2013 Payment Schedule)

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/01/2013	-	-	-	-	-
10/01/2013	-	-	57,351.25	57,351.25	-
04/01/2014	340,000.00	0.400%	114,702.50	454,702.50	-
06/30/2014	-	-	-	-	512,053.75
10/01/2014	-	-	114,022.50	114,022.50	-
04/01/2015	285,000.00	0.550%	114,022.50	399,022.50	-
06/30/2015	-	-	-	-	513,045.00
10/01/2015	-	-	113,238.75	113,238.75	-
04/01/2016	1,315,000.00	0.650%	113,238.75	1,428,238.75	-
06/30/2016	-	-	-	-	1,541,477.50
10/01/2016	-	-	108,965.00	108,965.00	-
04/01/2017	1,350,000.00	0.850%	108,965.00	1,458,965.00	-
06/30/2017	-	-	-	-	1,567,930.00
10/01/2017	-	-	103,227.50	103,227.50	-
04/01/2018	1,430,000.00	1.050%	103,227.50	1,533,227.50	-
06/30/2018	-	-	-	-	1,636,455.00
10/01/2018	-	-	95,720.00	95,720.00	-
04/01/2019	1,490,000.00	1.300%	95,720.00	1,585,720.00	-
06/30/2019	-	-	-	-	1,681,440.00
10/01/2019	-	-	86,035.00	86,035.00	-
04/01/2020	1,540,000.00	1.550%	86,035.00	1,626,035.00	-
06/30/2020	-	-	-	-	1,712,070.00
10/01/2020	-	-	74,100.00	74,100.00	-
04/01/2021	1,615,000.00	1.800%	74,100.00	1,689,100.00	-
06/30/2021	-	-	-	-	1,763,200.00
10/01/2021	-	-	59,565.00	59,565.00	-
04/01/2022	1,715,000.00	2.050%	59,565.00	1,774,565.00	-
06/30/2022	-	-	-	-	1,834,130.00
10/01/2022	-	-	41,986.25	41,986.25	-
04/01/2023	1,795,000.00	2.250%	41,986.25	1,836,986.25	-
06/30/2023	-	-	-	-	1,878,972.50
10/01/2023	-	-	21,792.50	21,792.50	-
04/01/2024	1,895,000.00	2.300%	21,792.50	1,916,792.50	-
06/30/2024	-	-	-	-	1,938,585.00
Total	\$14,770,000.00	-	\$1,809,358.75	\$16,579,358.75	-

2013 Gen Refg TAXABLE dd | SINGLE PURPOSE | 4/29/2013 | 4:05 PM

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Part 2 of 2

Debt Service Schedule (New Series 2013 Payment Schedule)

Yield Statistics

Bond Year Dollars	\$100,582.50
Average Life	6.810 Years
Average Coupon	1.7988803%
Net Interest Cost (NIC)	1.8833159%
True Interest Cost (TIC)	1.8790376%
Bond Yield for Arbitrage Purposes	1.7882982%
All Inclusive Cost (AIC)	1.9522000%

IRS Form 8038

Net Interest Cost	1.7988803%
Weighted Average Maturity	6.810 Years

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Debt Service Schedule for Annual Budgeting

Date	Principal	Coupon	Interest	Total P+i
06/30/2014	340,000.00	0.400%	172,053.75	512,053.75
06/30/2015	285,000.00	0.550%	228,045.00	513,045.00
06/30/2016	1,315,000.00	0.650%	226,477.50	1,541,477.50
06/30/2017	1,350,000.00	0.850%	217,930.00	1,567,930.00
06/30/2018	1,430,000.00	1.050%	206,455.00	1,636,455.00
06/30/2019	1,490,000.00	1.300%	191,440.00	1,681,440.00
06/30/2020	1,540,000.00	1.550%	172,070.00	1,712,070.00
06/30/2021	1,615,000.00	1.800%	148,200.00	1,763,200.00
06/30/2022	1,715,000.00	2.050%	119,130.00	1,834,130.00
06/30/2023	1,795,000.00	2.250%	83,972.50	1,878,972.50
06/30/2024	1,895,000.00	2.300%	43,585.00	1,938,585.00
Total	\$14,770,000.00	-	\$1,809,358.75	\$16,579,358.75

Yield Statistics

Bond Year Dollars	\$100,582.50
Average Life	6.810 Years
Average Coupon	1.7988803%
Net Interest Cost (NIC)	1.8833159%
True Interest Cost (TIC)	1.8790376%
Bond Yield for Arbitrage Purposes	1.7882982%
All Inclusive Cost (AIC)	1.9522000%

IRS Form 8038

Net Interest Cost	1.7988803%
Weighted Average Maturity	6.810 Years

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$16,320,000 School Refg Bonds, Series 2005, Dated: 9/1/2005

Callable: 4/1/2015 at 102%

Balance of Series 2005 Bonds to be Refinanced with Series 2013 Bonds

Remaining Balance of Series 2005 Bonds NOT Refinanced

Date	Principal	Coupon	Interest	Total P+I
10/01/2013	-	-	44,500.00	44,500.00
04/01/2014	850,000.00	5.000%	44,500.00	894,500.00
10/01/2014	-	-	23,250.00	23,250.00
04/01/2015	930,000.00	5.000%	23,250.00	953,250.00
Total	\$1,780,000.00	-	\$135,500.00	\$1,915,500.00

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	1.272 Years
Average Coupon	5.9823400%
Weighted Average Maturity (Par Basis)	1.272 Years

Refunding Bond Information

Refunding Dated Date	7/01/2013
Refunding Delivery Date	7/01/2013

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
04/01/2014	Serial Coupon	0.400%	0.400%	340,000.00	100.000%	340,000.00
04/01/2015	Serial Coupon	0.550%	0.550%	285,000.00	100.000%	285,000.00
04/01/2016	Serial Coupon	0.650%	0.650%	1,315,000.00	100.000%	1,315,000.00
04/01/2017	Serial Coupon	0.850%	0.850%	1,350,000.00	100.000%	1,350,000.00
04/01/2018	Serial Coupon	1.050%	1.050%	1,430,000.00	100.000%	1,430,000.00
04/01/2019	Serial Coupon	1.300%	1.300%	1,490,000.00	100.000%	1,490,000.00
04/01/2020	Serial Coupon	1.550%	1.550%	1,540,000.00	100.000%	1,540,000.00
04/01/2021	Serial Coupon	1.800%	1.800%	1,615,000.00	100.000%	1,615,000.00
04/01/2022	Serial Coupon	2.050%	2.050%	1,715,000.00	100.000%	1,715,000.00
04/01/2023	Serial Coupon	2.250%	2.250%	1,795,000.00	100.000%	1,795,000.00
04/01/2024	Serial Coupon	2.300%	2.300%	1,895,000.00	100.000%	1,895,000.00
Total	-	-	-	\$14,770,000.00	-	\$14,770,000.00

Bid Information

Par Amount of Bonds	\$14,770,000.00
Gross Production	\$14,770,000.00
Total Underwriter's Discount (0.575%)	\$(84,927.50)
Bid (99.425%)	14,685,072.50
Total Purchase Price	\$14,685,072.50
Bond Year Dollars	\$100,582.50
Average Life	6.810 Years
Average Coupon	1.7988803%
Net Interest Cost (NIC)	1.8833159%
True Interest Cost (TIC)	1.8790376%

Refinancing of Series 2005

SULLIVAN COUNTY, TENNESSEE

\$14,770,000 GO Gen Refg Bonds, Series 2013, Dated: July 1, 2013

TAXABLE, Non-Callable:

Refinancing Series 2005, Dated: 9/1/2005

Sources & Uses (Used for Accounting Entries)

Dated 07/01/2013 | Delivered 07/01/2013

Sources Of Funds (Credits)

Par Amount of Bonds	\$14,770,000.00
---------------------	-----------------

Total Sources	\$14,770,000.00
----------------------	------------------------

Uses Of Funds (Debits)

Deposit to Net Cash Escrow Fund	14,614,384.99
---------------------------------	---------------

Projected Underwriter's Discount (0.575%) based on a Competitive Sale	84,927.50
---	-----------

Costs of Issuance	68,021.63
-------------------	-----------

Rounding Amount for Selling Bonds in \$5,000 Multiples to the County	2,665.88
--	----------

Total Uses	\$14,770,000.00
-------------------	------------------------

2013 Gen Refg TAXABLE dd | SINGLE PURPOSE | 4/29/2013 | 4:05 PM

Exhibit H-1

State Form(s) CT-0253

[This page is intentionally left blank]

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

REPORT ON DEBT OBLIGATION
(Pursuant to Chapter 402, Public Acts of 1989)

1. Issuer:

Name Sullivan County, TN

Address 3411 Highway 126, Suite 206
Blountville, TN 37617

2. Debt Obligation:

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

5. Face Amount of Debt Obligation: \$ 16,320,000

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. X Tax Exempt b. _____ Taxable

8. Dated Date: September 1, 2005

4. Purpose of Issue:

	Percent of Issue
<input type="checkbox"/> a. General Government	_____
<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	100
<input type="checkbox"/> l. Other _____	_____
specify	

9. Issue Date (Closing Date): September 28, 2005

10. Rating:

a. Moody's "Aaa"
b. Standard & Poor's _____
c. Unrated _____
Ambac Insured

11. Interest Cost: 4.1493 %

a. TIC
 b. NIC
 c. Variable
 d. Other

12. Recurring Costs:

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

SEE REVERSE SIDE

FINAL

SULLIVAN COUNTY, TENNESSEE

\$16,320,000.00 Sch Refunding Bonds, Series 2005 Dated: September 1, 2005

Purchased by Stephens Inc at an Average TIC Rate of 4.1493943%

Paying Agent: Deutsche Bank, Callable: April 1, 2015 at 102%

Debt Service Budgeting Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2006	-	-	467,096.88	467,096.88
06/30/2007	-	-	800,737.50	800,737.50
06/30/2008	-	-	800,737.50	800,737.50
06/30/2009	-	-	800,737.50	800,737.50
06/30/2010	-	-	800,737.50	800,737.50
06/30/2011	-	-	800,737.50	800,737.50
06/30/2012	675,000.00	5.000%	800,737.50	1,475,737.50
06/30/2013	750,000.00	5.000%	766,987.50	1,516,987.50
06/30/2014	850,000.00	5.000%	729,487.50	1,579,487.50
06/30/2015	930,000.00	5.000%	686,987.50	1,616,987.50
06/30/2016	1,030,000.00	4.750%	640,487.50	1,670,487.50
06/30/2017	1,105,000.00	4.750%	591,562.50	1,696,562.50
06/30/2018	1,225,000.00	4.750%	539,075.00	1,764,075.00
06/30/2019	1,325,000.00	4.750%	480,887.50	1,805,887.50
06/30/2020	1,420,000.00	4.750%	417,950.00	1,837,950.00
06/30/2021	1,540,000.00	5.000%	350,500.00	1,890,500.00
06/30/2022	1,690,000.00	5.000%	273,500.00	1,963,500.00
06/30/2023	1,815,000.00	5.000%	189,000.00	2,004,000.00
06/30/2024	1,965,000.00	5.000%	98,250.00	2,063,250.00
Total	\$16,320,000.00	-	\$11,036,196.88	\$27,356,196.88

Yield Statistics

Accrued Interest from 09/01/2005 to 09/28/2005.....	60,055.31
Bond Year Dollars.....	\$224,615.00
Average Life.....	13.763 Years
Average Coupon.....	4.9133837%
Net Interest Cost (NIC).....	4.3492355%
True Interest Cost (TIC).....	4.1493943%
Bond Yield for Arbitrage Purposes.....	3.9609786%
All Inclusive Cost (AIC).....	4.2088733%

IRS Form 8038

Net Interest Cost.....	3.9583117%
Weighted Average Maturity.....	13.676 Years

FINAL

SULLIVAN COUNTY, TENNESSEE

\$16,320,000.00 Sch Refunding Bonds, Series 2005 Dated: September 1, 2005

Purchased by Stephens Inc at an Average TIC Rate of 4.1493943%

Paying Agent: Deutsche Bank, Callable: April 1, 2015 at 102%

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
04/01/2012	Serial Coupon	5.000%	3.410%	675,000.00	109.210%	737,167.50
04/01/2013	Serial Coupon	5.000%	3.510%	750,000.00	109.759%	823,192.50
04/01/2014	Serial Coupon	5.000%	3.600%	850,000.00	110.181%	936,538.50
04/01/2015	Serial Coupon	5.000%	3.680%	930,000.00	110.509%	1,027,733.70
04/01/2016	Serial Coupon	4.750%	3.800%	1,030,000.00	108.167%	1,114,120.10
04/01/2017	Serial Coupon	4.750%	3.860%	1,105,000.00	108.206%	1,195,676.30
04/01/2018	Serial Coupon	4.750%	3.910%	1,225,000.00	107.724%	c 1,319,619.00
04/01/2019	Serial Coupon	4.750%	3.960%	1,325,000.00	107.244%	c 1,420,983.00
04/01/2020	Serial Coupon	4.750%	4.010%	1,420,000.00	106.767%	c 1,516,091.40
04/01/2021	Serial Coupon	5.000%	3.980%	1,540,000.00	109.344%	c 1,683,897.60
04/01/2022	Serial Coupon	5.000%	4.030%	1,690,000.00	108.861%	c 1,839,750.90
04/01/2023	Serial Coupon	5.000%	4.070%	1,815,000.00	108.477%	c 1,968,857.55
04/01/2024	Serial Coupon	5.000%	4.100%	1,965,000.00	108.190%	c 2,125,933.50
Total	-	-	-	\$16,320,000.00	-	\$17,709,561.55

Bid Information

Par Amount of Bonds.....	\$16,320,000.00
Reoffering Premium or (Discount).....	1,389,561.55
Gross Production.....	\$17,709,561.55
Total Underwriter's Discount (0.750%).....	\$(122,400.00)
Bid (107.764%).....	17,587,161.55
Accrued Interest from 09/01/2005 to 09/28/2005.....	60,055.31
Total Purchase Price.....	\$17,647,216.86
Bond Year Dollars.....	\$224,615.00
Average Life.....	13.763 Years
Average Coupon.....	4.9133837%
Net Interest Cost (NIC).....	4.3492355%
True Interest Cost (TIC).....	4.1493943%

Exhibit G

Debt Management Policy

[This page is intentionally left blank]

SULLIVAN COUNTY TENNESSEE

Debt Management Policy

Goal/Mission: To provide management with appropriate guidelines and direction to assist in making sound debt management decisions. To further demonstrate strong financial management practices for our county citizens, outside investors, and credit agencies.

Objectives: To enhance the decision process by identifying the methodology of decision making and outline the criteria on which the principles utilized are based.

A. ENHANCE TRANSPARENCY OF DECISIONS BY WAY OF ANNUAL DEBT REPORT, ANNUAL BUDGETS, AND SPECIFIC NEW ISSUE REPORT

a. Annual debt reports shall be submitted to the county legislative body by June 30th of each year either with the annual budget document or separate. In addition to the outstanding debt and requirements, it should also include:

- i. Calculations of percentage of total debt to assessed value
- ii. Calculation of debt to per capita income
- iii. Sullivan County shall prepare a multi-year debt budget for at least 5 years

b. Sullivan County 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.

c. Debt issuance shall comply with the State Form CT-0253, as well as, any other state required forms that detail all associated cost for the issuance of the proposed debt. These records shall be available for public and county commission inspection prior to the commission approval of the debt issuance.

B. ACQUIRING OF PROFESSIONAL SERVICES FOR THE ISSUANCE OF DEBT

a. Sullivan County 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 Sullivan County and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

- b. Counsel: Sullivan County shall enter into an engagement letter agreement with each lawyer or law firm representing Sullivan County in a debt transaction. (No engagement letters required for any lawyer who is an employee of Sullivan County or lawyer or law firm which is under 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.)**
- c. Financial Advisor: If Sullivan County chooses to hire financial advisors, Sullivan County shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions.**
- d. Whether in a competitive or negotiated sale, the financial advisor shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services.**
- e. Underwriter: If there is an underwriter, Sullivan County shall require the underwriter to clearly identify itself in writing as an underwriter and not as a financial advisor from the earliest states of its relationship with Sullivan County 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 Sullivan 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 governing body or it's designated representative in advance of the pricing of the debt.**

C. ESTABLISHING STANDARDS TO ASSURE AGAINST CONFLICTS OF INTEREST FOR BOTH INTERNAL AND EXTERNAL PROFESSIONALS

- a. Professionals involved in a debt transaction hired or compensated by Sullivan County shall be required to disclose to Sullivan County 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 sufficient to allow Sullivan County to appreciate the significance of the relationships.**
- b. 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.**

- c. **Review the representatives of the County Staff and the other representatives of the County involved in the decision making process and their adherence to knowledge of the County Ethics Policy.**

D. OTHER REQUIREMENTS FOR MANAGING AND ISSUING DEBT

- a. **The Debt Service Fund(s) shall maintain minimum balances equal or greater than the requirements for the first half of the fiscal year less any designated recurring revenues for the respective debt.**
- b. **Sullivan County shall service all debt principal and interest payments through the debt service fund with the exception of leases for less than \$100,000 principal.**
- c. **Sullivan County shall not utilize variable rate debt for any debt beyond 3 years without a special advertised public hearing before the issuance.**
- d. **All debt repayment schedules shall use the straight-line method of repayment. Other repayment schedules must be approved by the comptroller's office in writing and fully disclose the additional interest cost compared to straight-line repayment method.**
- e. **Borrowing using capital outlay notes, the county shall solicit a minimum of three rates and issuance cost quotes and select the lowest and best offer. The county may use the State loan pool as one of the three quotes.**
- f. **All leases of amounts of \$100,000 exceeding 1 year shall be compared to a quote for a capital outlay note for similar principal and duration to be reported to the County Commission before issuance.**
- g. **In the case of refinancing, an analysis report shall be provided which fully explains the reasons for the refinancing and the net savings and cost of the refinancing which will include not only interest charges but also the fees associated with the transactions for the issuance.**
- h. **Sullivan County shall not issue debt that exceeds the life of the capital asset funded by the debt.**
- i. **All Elected and appointed officials, as well as, department heads should be knowledgeable that the Sullivan County Purchasing Laws govern the approval and signing of all contractual commitments including lease agreements.**

Approved by County Commission 12/19/2011

