



# SULLIVAN COUNTY

## OFFICE OF ACCOUNTS & BUDGETS

3411 Highway 126, Suite 202 ▪ Blountville, Tennessee 37617  
E-Mail: [acctsdir@sullivancountyttn.gov](mailto:acctsdir@sullivancountyttn.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 - \$13,220,000 General Obligation County District School Refunding Bonds, Series 2004, dated November 1, 2004 for a projected anticipated net of all cost savings of approximately \$371,556 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 2004 COUNTY DISTRICT SCHOOL REFUNDING BOND ISSUE**  
**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:**  
  
Bill Anderson, Finance Director  
**Telephone Number:** (423) 323-6409  
**Fax Number:** Fax: (423) 279-2899  
E-Mail Address [acctsdir@sullivancounty.org](mailto:acctsdir@sullivancounty.org)
- h. Third Party Authorization :**  
**Financial Advisor:** Tom McAnulty  
**Stephens Inc.**  
**Telephone Number:** 615-279-4333  
**Fax Number:** 615-279-4351  
E-Mail Address [tmcanulty@stephens.com](mailto: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 2004 COUNTY DISTRICT SCHOOL REFUNDING BOND ISSUE 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 2004 County District School Refunding Bonds. The Refunding Bonds will be sold at a public competitive sale with the proceeds to be used to defease the Series 2004 Bonds on May 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 \$8,165,000 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 2004 since the final maturity will remain the same.

<u>Series</u>	<u>Dated Date &amp; Maturities to Refinance</u>	<u>Amount Callable</u>	<u>County District Refunding Bonds</u>
<b>(To be refinanced with Series 2013)</b>			
<b>2004</b>	All remaining maturities of May 1, 2016 through May 1, 2019	\$7,230,000	The \$13,220,000 G.O. County District School Refunding Bonds, Series 2004 Bonds were issued for the purpose of refunding the callable bonds of the County's G.O. County District School Refunding Bonds, Series 2004, dated November 1, 2004, maturing May 1, 2016 through May 1, 2019 inclusive and to pay costs of issuance of the Series 2004 Bonds.

**b. Approval for:**

- i. Final Maturity: Final maturity of the Refunding Bonds will be the same as the original Series 2004 Bonds. There is NO planned restructuring or extending of original maturities.

# SULLIVAN COUNTY, TENNESSEE

## PLAN OF REFUNDING SERIES 2004 COUNTY DISTRICT SCHOOL REFUNDING BOND ISSUE 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 2004 Bonds beginning with May 1, 2016 through May 1, 2019 having an average interest rate of 5.19% with a projected refinancing average TIC rate of 1.001.14%.

(2) Cost of Issuance and Projected Savings

The projected cost of issuance is \$49,272 plus an estimated \$40,825 (.50% subject to competitive bid) for the underwriting fee for a competitive sale, producing a projected net savings of \$371,556 for 4.228% of total refunded debt service or 4.985% 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.

# SULLIVAN COUNTY, TENNESSEE

## PLAN OF REFUNDING SERIES 2004 COUNTY DISTRICT SCHOOL REFUNDING BOND ISSUE INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

**Dated: May 8, 2013**

- (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.

#### 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 2004 Bonds is for the purpose of obtaining uniform annual savings only.

##### b. Financial Analysis Schedules:

See Exhibit F1 Refinancing Analysis of Series 2004 GO County District 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 2004 GO County District 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 \$8,165,000.

- 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.

# SULLIVAN COUNTY, TENNESSEE

## PLAN OF REFUNDING SERIES 2004 COUNTY DISTRICT SCHOOL REFUNDING BOND ISSUE INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

**Dated: May 8, 2013**

- iii. Final Weighted Average Maturity Compared to the Series 2004 Bonds: The weighted average of the current Series 2004 County District School 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 2004 Bonds to be refunded is 4.396 years, and the Refunding Bonds is projected to be 4.176 Years. See Exhibit F1 Financial Analysis for a comparison of the two weighted averages.
- iv. Type of Refunding: Advanced refunding with a call date of May 1, 2015
- v. Principal Maturity Structure: Principal payments will be from May 1, 2014 to May 1, 2019 as currently scheduled for the Series 2004 Bonds.
- vi. Cost of Issuance: The estimated cost of issuance for the Refunding bonds is \$49,272 or \$6.03 per \$1,000 plus an estimated underwriter fee of \$40,825 or \$5.00 per \$1,000 bonds issued for a projected total of \$90,097 or \$11.03 per \$1,000 or .00960 (.960%) of the total principal of \$8,165,000 projected for the issue. See Page 11 of **Exhibit F1 Financial Analysis**.
- vii. Sources and Uses of Funds: The estimated sources and uses of funds are presented on page 14 of **Exhibit F1 Financial Analysis**.

### **b. Refunded Debt Issues**

- i. Current Debt Issue :
  - The Sullivan County, Tennessee \$13,220,000 GO County District School Refunding Bonds, Series 2004 were issued November 1, 2004
  - (a) Date of Issue: November 1, 2004
  - (b) Date of Authorization: On or about 11/1/2004
  - (c) Type of Debt: Payable from unlimited ad valorem taxes to be levied on all taxable property within that portion of Sullivan County lying outside the territorial limits of the cities of Bristol, Kingsport and Johnson City, TN. Subject to the limitation of the preceding sentence, for the prompt payment of principal of, premium if any, and interest on the Bonds, 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**

# SULLIVAN COUNTY, TENNESSEE

## PLAN OF REFUNDING SERIES 2004 COUNTY DISTRICT SCHOOL REFUNDING BOND ISSUE INFORMATION SUBMITTED TO THE STATE OFFICE OF STATE AND LOCAL FINANCE

**Dated: May 8, 2013**

- (g) Projects Funded with Proceeds: The Series 2004 County District Refunding Bonds were issued to refund the County District's School Refunding Bonds, Series 2002, dated June 1, 2002, maturing April 1, 2007 through April 1, 2015, inclusive and to pay costs of issuance of the Series 2004 Bonds.
- (h) Weighted Average Life of Issue: The weighted average of the current Series 2004 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 2004 Bonds to be refunded is 4.396 years, and the Refunding Bonds is projected to be 4.176 Years. See page 3 and 7 of Exhibit F1 Financial Analysis for a comparison of the two weighted averages.
- (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 865287PR
- (l) Principal Amounts to be Refunded: All callable principal amounts maturing 2016 through 2019 will be refunded maturing 2014 through 2019.
- (m) Callable Feature: Since the bonds only have a remaining life less than 6 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 2004 County District Refunding Bonds were issued to refund the County's County District School Refunding Bonds, Series 2001, dated May 1, 2001, maturing May 1, 2012 through May 1, 2019, inclusive and to pay costs of issuance of the Series 2004 Bonds.

**Exhibit D**  
**Distribution List**

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## Distribution List

### Sullivan County, Tennessee \$8,165,000 General Obligation County District Refunding Bonds, Series 2013 (Taxable)

Engagement Number 362218

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

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# Exhibit F-1

## Projected Refunding Analysis

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# **B REFINANCING OF SERIES 2004 COUNTY DISTRICT SCHOOL BONDS**

## **SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

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Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

**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 Total P+I	Remaining Balance of Series 2004	Total of Series 2013 and Series 2004 Balance	Original Balance of Series 2004 Before Refinancing	Projected Savings Reduction to Series 2004 Bonds
06/30/2014	298,791.67	1,686,750.00	1,981,443.52	2,048,250.00	66,806.48
06/30/2015	300,610.00	1,685,250.00	1,985,860.00	2,046,750.00	60,890.00
06/30/2016	1,979,372.50	-	1,979,372.50	2,041,500.00	62,127.50
06/30/2017	1,966,990.00	-	1,966,990.00	2,027,500.00	60,510.00
06/30/2018	1,980,797.50	-	1,980,797.50	2,040,000.00	59,202.50
06/30/2019	1,985,480.00	-	1,985,480.00	2,047,500.00	62,020.00
<b>Total</b>	<b>\$8,512,041.67</b>	<b>\$3,372,000.00</b>	<b>\$11,879,943.52</b>	<b>\$12,251,500.00</b>	<b>\$371,556.48</b>

**PV Analysis Summary (Net to Net)**

Gross PV Debt Service Savings..... 356,294.04

Net PV Cashflow Savings @ 1.289%(AIC)..... 356,294.04

Contingency or Rounding Amount..... 4,098.15

**Net Present Value Benefit \$360,392.19**

**Net PV Benefit / \$1,608,373.15 PV Refunded Interest 22.407%**

**Net PV Benefit / \$8,523,602.21 PV Refunded Debt Service 4.228%**

**Net PV Benefit / \$7,230,000 Refunded Principal... 4.985%**

**Net PV Benefit / \$8,165,000 Refunding Principal.. 4.414%**

**Refunding Bond Information**

Refunding Dated Date 7/01/2013

Refunding Delivery Date 7/01/2013

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$13,220,000 County District School Refunding Bonds, Series 2004 Dated: 11/1/2004

Callable 5/1/2015 at 102%

**Prior Original Debt Service (Balance of Series 2004)**

Date	Principal	Coupon	Interest	Total P+i
11/01/2013	-	-	259,125.00	259,125.00
05/01/2014	1,530,000.00	5.000%	259,125.00	1,789,125.00
11/01/2014	-	-	220,875.00	220,875.00
05/01/2015	1,605,000.00	5.000%	220,875.00	1,825,875.00
11/01/2015	-	-	180,750.00	180,750.00
05/01/2016	1,680,000.00	5.000%	180,750.00	1,860,750.00
11/01/2016	-	-	138,750.00	138,750.00
05/01/2017	1,750,000.00	5.000%	138,750.00	1,888,750.00
11/01/2017	-	-	95,000.00	95,000.00
05/01/2018	1,850,000.00	5.000%	95,000.00	1,945,000.00
11/01/2018	-	-	48,750.00	48,750.00
05/01/2019	1,950,000.00	5.000%	48,750.00	1,998,750.00
<b>Total</b>	<b>\$10,365,000.00</b>	<b>-</b>	<b>\$1,886,500.00</b>	<b>\$12,251,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	3.473 Years
Average Coupon	5.2399139%
Weighted Average Maturity (Par Basis)	3.473 Years

**Refunding Bond Information**

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

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$13,220,000 County District School Refunding Bonds, Series 2004 Dated: 11/1/2004

Callable 5/1/2015 at 102%

**Total Refunded Debt Service (Series 2004 Callable Bonds for Refianning)**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
11/01/2013	-	-	180,750.00	180,750.00
05/01/2014	-	5.000%	180,750.00	180,750.00
11/01/2014	-	-	180,750.00	180,750.00
05/01/2015	-	5.000%	180,750.00	180,750.00
11/01/2015	-	-	180,750.00	180,750.00
05/01/2016	1,680,000.00	5.000%	180,750.00	1,860,750.00
11/01/2016	-	-	138,750.00	138,750.00
05/01/2017	1,750,000.00	5.000%	138,750.00	1,888,750.00
11/01/2017	-	-	95,000.00	95,000.00
05/01/2018	1,850,000.00	5.000%	95,000.00	1,945,000.00
11/01/2018	-	-	48,750.00	48,750.00
05/01/2019	1,950,000.00	5.000%	48,750.00	1,998,750.00
<b>Total</b>	<b>\$7,230,000.00</b>	<b>-</b>	<b>\$1,649,500.00</b>	<b>\$8,879,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	4.396 Years
Average Coupon	5.1895548%
Weighted Average Maturity (Par Basis)	4.396 Years

**Refunding Bond Information**

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

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$13,220,000 County District School Refunding Bonds, Series 2004 Dated: 11/1/2004

Callable 5/1/2015 at 102%

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

Date	Refunded Bonds	Premium	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/01/2013	-	-	180,750.00	180,750.00	-	-	180,750.00	180,750.00
05/01/2014	-	-	180,750.00	180,750.00	-	5.000%	180,750.00	180,750.00
11/01/2014	-	-	180,750.00	180,750.00	-	-	180,750.00	180,750.00
05/01/2015	7,230,000.00	144,600.00	180,750.00	7,555,350.00	-	5.000%	180,750.00	180,750.00
11/01/2015	-	-	-	-	-	-	180,750.00	180,750.00
05/01/2016	-	-	-	-	1,680,000.00	5.000%	180,750.00	1,860,750.00
11/01/2016	-	-	-	-	-	-	138,750.00	138,750.00
05/01/2017	-	-	-	-	1,750,000.00	5.000%	138,750.00	1,888,750.00
11/01/2017	-	-	-	-	-	-	95,000.00	95,000.00
05/01/2018	-	-	-	-	1,850,000.00	5.000%	95,000.00	1,945,000.00
11/01/2018	-	-	-	-	-	-	48,750.00	48,750.00
05/01/2019	-	-	-	-	1,950,000.00	5.000%	48,750.00	1,998,750.00
<b>Total</b>	<b>\$7,230,000.00</b>	<b>\$144,600.00</b>	<b>\$723,000.00</b>	<b>\$8,097,600.00</b>	<b>\$7,230,000.00</b>	<b>-</b>	<b>\$1,649,500.00</b>	<b>\$8,879,500.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	4.396 Years
Average Coupon	5.1895548%
Weighted Average Maturity (Par Basis)	4.396 Years

**Refunding Bond Information**

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

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

**Escrow Fund Cashflow**

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
07/01/2013	-	-	-	0.72	-	0.72
11/01/2013	175,840.00	0.060%	4,910.21	180,750.21	180,750.00	0.93
05/01/2014	173,327.00	0.090%	7,422.11	180,749.11	180,750.00	0.04
11/01/2014	173,458.00	0.140%	7,292.19	180,750.19	180,750.00	0.23
05/01/2015	7,548,179.00	0.190%	7,170.77	7,555,349.77	7,555,350.00	-
<b>Total</b>	<b>\$8,070,804.00</b>	<b>-</b>	<b>\$26,795.28</b>	<b>\$8,097,600.00</b>	<b>\$8,097,600.00</b>	<b>-</b>

**Investment Parameters**

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cash Deposit	0.72
Cost of Investments Purchased with Bond Proceeds	8,070,804.00
Total Cost of Investments	\$8,070,804.72
Target Cost of Investments at bond yield	\$7,953,888.28
Actual positive or (negative) arbitrage	(116,916.44)
Yield to Receipt	0.1877417%
Yield for Arbitrage Purposes	1.0165543%
State and Local Government Series (SLGS) rates for	4/29/2013

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

**Escrow Summary Cost**

<b>Maturity</b>	<b>Type</b>	<b>Coupon</b>	<b>Yield</b>	<b>\$ Price</b>	<b>Par Amount</b>	<b>Principal Cost</b>	<b>+Accrued Interest</b>	<b>= Total Cost</b>
<b>Escrow</b>								
11/01/2013	SLGS-CI	0.060%	0.060%	100.0000000%	175,840	175,840.00	-	175,840.00
05/01/2014	SLGS-CI	0.090%	0.090%	100.0000000%	173,327	173,327.00	-	173,327.00
11/01/2014	SLGS-NT	0.140%	0.140%	100.0000000%	173,458	173,458.00	-	173,458.00
05/01/2015	SLGS-NT	0.190%	0.190%	100.0000000%	7,548,179	7,548,179.00	-	7,548,179.00
<b>Subtotal</b>		-	-	-	<b>\$8,070,804</b>	<b>\$8,070,804.00</b>	-	<b>\$8,070,804.00</b>
<b>Total</b>		-	-	-	<b>\$8,070,804</b>	<b>\$8,070,804.00</b>	-	<b>\$8,070,804.00</b>

**Escrow**

Cash Deposit	0.72
Cost of Investments Purchased with Bond Proceeds	8,070,804.00
<b>Total Cost of Investments</b>	<b>\$8,070,804.72</b>

Delivery Date 7/01/2013

**SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

**Debt Service Schedule (New Series 2013 Payment Schedule)**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/01/2013	-	-	-	-	-
11/01/2013	-	-	25,516.67	25,516.67	-
05/01/2014	235,000.00	0.400%	38,275.00	273,275.00	-
06/30/2014	-	-	-	-	298,791.67
11/01/2014	-	-	37,805.00	37,805.00	-
05/01/2015	225,000.00	0.550%	37,805.00	262,805.00	-
06/30/2015	-	-	-	-	300,610.00
11/01/2015	-	-	37,186.25	37,186.25	-
05/01/2016	1,905,000.00	0.650%	37,186.25	1,942,186.25	-
06/30/2016	-	-	-	-	1,979,372.50
11/01/2016	-	-	30,995.00	30,995.00	-
05/01/2017	1,905,000.00	0.850%	30,995.00	1,935,995.00	-
06/30/2017	-	-	-	-	1,966,990.00
11/01/2017	-	-	22,898.75	22,898.75	-
05/01/2018	1,935,000.00	1.050%	22,898.75	1,957,898.75	-
06/30/2018	-	-	-	-	1,980,797.50
11/01/2018	-	-	12,740.00	12,740.00	-
05/01/2019	1,960,000.00	1.300%	12,740.00	1,972,740.00	-
06/30/2019	-	-	-	-	1,985,480.00
<b>Total</b>	<b>\$8,165,000.00</b>	<b>-</b>	<b>\$347,041.67</b>	<b>\$8,512,041.67</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$34,094.17
Average Life	4.176 Years
Average Coupon	1.0178916%
Net Interest Cost (NIC)	1.1376335%
True Interest Cost (TIC)	1.1396245%
Bond Yield for Arbitrage Purposes	1.0165543%
All Inclusive Cost (AIC)	1.2891764%

**IRS Form 8038**

Net Interest Cost	1.0178916%
Weighted Average Maturity	4.176 Years

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

**Debt Service Schedule (Series 2013 for Annual Budgeting)**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+i</b>
06/30/2014	235,000.00	0.400%	63,791.67	298,791.67
06/30/2015	225,000.00	0.550%	75,610.00	300,610.00
06/30/2016	1,905,000.00	0.650%	74,372.50	1,979,372.50
06/30/2017	1,905,000.00	0.850%	61,990.00	1,966,990.00
06/30/2018	1,935,000.00	1.050%	45,797.50	1,980,797.50
06/30/2019	1,960,000.00	1.300%	25,480.00	1,985,480.00
<b>Total</b>	<b>\$8,165,000.00</b>	<b>-</b>	<b>\$347,041.67</b>	<b>\$8,512,041.67</b>

**Yield Statistics**

Bond Year Dollars	\$34,094.17
Average Life	4.176 Years
Average Coupon	1.0178916%
Net Interest Cost (NIC)	1.1376335%
True Interest Cost (TIC)	1.1396245%
Bond Yield for Arbitrage Purposes	1.0165543%
All Inclusive Cost (AIC)	1.2891764%

**IRS Form 8038**

Net Interest Cost	1.0178916%
Weighted Average Maturity	4.176 Years

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$13,220,000 County District School Refunding Bonds, Series 2004 Dated: 11/1/2004

Callable 5/1/2015 at 102%

**Remaining Balance of Series 2005 Bonds NOT Refinanced**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
05/01/2014	1,530,000.00	5.000%	156,750.00	1,686,750.00
05/01/2015	1,605,000.00	5.000%	80,250.00	1,685,250.00
<b>Total</b>	<b>\$3,135,000.00</b>	<b>-</b>	<b>\$237,000.00</b>	<b>\$3,372,000.00</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation	7/01/2013
Average Life	1.345 Years
Average Coupon	5.6194428%
Weighted Average Maturity (Par Basis)	1.345 Years

**Refunding Bond Information**

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

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

**Pricing Summary**

<b>Maturity</b>	<b>Type of Bond</b>	<b>Coupon</b>	<b>Yield</b>	<b>Maturity Value</b>	<b>Price</b>	<b>Dollar Price</b>
05/01/2014	Serial Coupon	0.400%	0.400%	235,000.00	100.000%	235,000.00
05/01/2015	Serial Coupon	0.550%	0.550%	225,000.00	100.000%	225,000.00
05/01/2016	Serial Coupon	0.650%	0.650%	1,905,000.00	100.000%	1,905,000.00
05/01/2017	Serial Coupon	0.850%	0.850%	1,905,000.00	100.000%	1,905,000.00
05/01/2018	Serial Coupon	1.050%	1.050%	1,935,000.00	100.000%	1,935,000.00
05/01/2019	Serial Coupon	1.300%	1.300%	1,960,000.00	100.000%	1,960,000.00
<b>Total</b>	-	-	-	<b>\$8,165,000.00</b>	-	<b>\$8,165,000.00</b>

**Bid Information**

Par Amount of Bonds	\$8,165,000.00
Gross Production	\$8,165,000.00
Total Underwriter's Discount (0.500%)	\$(40,825.00)
Bid (99.500%)	8,124,175.00
Total Purchase Price	\$8,124,175.00
Bond Year Dollars	\$34,094.17
Average Life	4.176 Years
Average Coupon	1.0178916%
Net Interest Cost (NIC)	1.1376335%
True Interest Cost (TIC)	1.1396245%

Refinancing of Series 2004 Co Dist

**SULLIVAN COUNTY, TENNESSEE**

\$8,165,000 GO Co Dist School Refunding Bonds, Series 2013, Dated: July 1, 2013

TAXABLE. Non-Callable

**Sources & Uses (Used for Accounting Entries)**

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

**Sources Of Funds**

Par Amount of Bonds **\$8,165,000.00**

**Total Sources** **\$8,165,000.00**

**Uses Of Funds**

Deposit to Net Cash Escrow Fund **8,070,804.72**

Costs of Issuance **49,272.13**

Total Underwriter's Discount (0.500%) **40,825.00**

Rounding Amount **4,098.15**

**Total Uses** **\$8,165,000.00**

**Exhibit H-1**

**State Form(s) CT-0253**

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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:** \$ 13,220,000

**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:** November 1, 2004

**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	_____
<input type="checkbox"/> 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>100</u>
<input type="checkbox"/> l. Other _____	_____
specify	

**9. Issue Date (Closing Date):** November 29, 2004

**10. Rating:**

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

**11. Interest Cost:**

3.8340 %

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

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DEC 08 2004

LCB FINANCE

13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate
2012	\$ 1,395,000	5.00%
2013	1,460,000	5.00
2014	1,530,000	5.00
2015	1,605,000	5.00
2016	1,680,000	5.00
2017	1,750,000	5.00
2018	1,850,000	5.00
2019	1,950,000	5.00

Year	Amount	Interest Rate

If additional space is needed, attach additional sheet.

No. of Years \_\_\_\_\_ (to be filled out by State.)

14. Itemized Description of the Cost of Issuance  
(Round to Nearest Dollar)

Name of Firm

a. Financial Advisor Fees\*

b. Legal Fees:

- i. Bond Counsel
- ii. Issuer's Counsel
- iii. Trustee's Counsel
- Disclosure Counsel

14,000.00

Bass, Berry & Sims PLC

3,000.00

Bass, Berry & Sims PLC

c. Paying Agent Fees and  
Registration Fees

1,000.00

Deutsche Bank

d. Trustee Fees

e. Remarketing Agent Fees

f. Liquidity Fees

g. Rating Agency Fees

5,750.00

Moody's Investors Service

h. Credit Enhancement Fees

43,376.03

Ambac

i. Underwriter's Discount

85,930.00

Stephens Inc.

- i. Take Down
- ii. Management Fee
- iii. Risk Premium
- iv. Underwriter's Counsel
- v. Other Expenses

j. Printing and Advertising Fees

7,226.00

DocOptions/I-Deal/FedEx

k. Issuer Fees

l. Real Estate Fees

m. Other Costs

9,497.00

CUSIP/Misc/Grant Thornton LLP/Deutsche

n. Total Costs

\$169,779.03

\*If other costs are included, please itemize.

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

15.

Jerry B. Baden  
Authorized Representative (Signature)

Thomas D. McNulty  
Preparer (Please Type or Print Legibly)

Larry G. Bailey  
Authorized Representative (Please Type or Print Legibly)

Senior Vice President  
Title

Director of Accounts and Budgets  
Title

Stephens Inc.  
Firm

November 29, 2004  
Date

November 29, 2004  
Date

# Exhibit G

## Debt Management Policy

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# **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 30<sup>th</sup> 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**