

**RESOLUTION 11-121**

**A RESOLUTION TO ESTABLISH A DEBT AND FINANCIAL POLICY STATEMENT  
FOR THE CITY OF SPRING HILL**

**WHEREAS**, the State of Tennessee, Comptroller of the Treasury requires that all Cities adopt a Debt Policy; and

**WHEREAS**, the City of Spring Hill, Board of Mayor and Aldermen desire to adopt a Debt Policy that will establish parameters by which debt obligations will be undertaken by the City; and

**WHEREAS**, the City of Spring Hill, Board of Mayor and Aldermen also desire to reinforce the commitment of the City and its officials to manage the financial affairs of the City so as to minimize risk, avoid conflicts of interest and ensure transparency while still meeting the needs of the City; and

**WHEREAS**, the City's goal in this policy is to assist decision making in planning, issuing, and managing debt obligations by providing clear direction as to the steps, substance, and outcomes desired, and greater stability over the long-term by use of consistent guidelines; and

**WHEREAS**, the City of Spring Hill, Board of Mayor and Aldermen has included in its Debt and Financial Policy Statement :Operating Budget Policies, Fund Balance Policies, Capital Improvement Plan Policies, Debt Policies, Recommended Debt Ratios, Variable Rate Debt Obligations, Sale of Debt, Refunding Debt, Investment Policies, Authorized Investments, Investment Risk Management, and Cash Management Policies; and

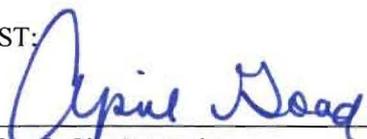
**WHEREAS**, the Budget and Finance Advisory Committee, Staff, and PFM Financial Group recommends the attached Debt and Financial Policy Statement; and

**NOW, THEREFORE BE IT RESOLVED**, that the City of Spring Hill Board of Mayor and Aldermen hereby approves the Debt and Financial Policy Statement, as it is attached and part of this Resolution.

Passed and adopted this 21<sup>th</sup> day of November 2011.

  
\_\_\_\_\_  
Michael Dinwiddie, Mayor

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
\_\_\_\_\_  
Timothy P. Underwood, City Attorney



# **CITY OF SPRING HILL, TN**

## **DEBT & FINANCIAL POLICY STATEMENTS**

January 2011

Submitted:

Approved:

---

## Contents

Overview.....	3
Operating Budget Policies.....	3
General.....	3
Revenue.....	4
Expenditures.....	5
Fund Balance Policies.....	5
Capital Improvement Plan Policies.....	7
Debt Policies.....	8
Overview.....	8
Recommended Debt Ratios.....	9
Variable Rate Debt Obligations.....	9
Sale of Debt.....	10
Refunding Debt.....	11
Investment Policies.....	12
Authorized Investments.....	12
Investment Risk Management.....	13
Cash Management Policies.....	13

## Overview

The following financial policies adopted by Resolution 11-121 of the Board of Mayor and Aldermen (“BOMA”) of Spring Hill, Tennessee on November 21, 2011 (the “Resolution”) (“Debt & Financial Policy Statements”) establish the framework for the City of Spring Hill, Tennessee’s (the “City”) overall fiscal planning and management.

The financial policies set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. These publicly adopted financial policies are also intended to demonstrate to residents, the credit rating industry, municipal bond investors, auditors and the State Comptroller the City’s commitment to sound financial management and fiscal integrity.

The financial policies also improve the City’s fiscal stability by assisting City officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies promotes sound financial management, which can improve bond ratings, lower the cost of capital, manage interest rate risk exposure, and preserve financial flexibility. It is presumed that these policies are consistent with all laws and regulations, but such laws and regulations shall control in the event of a conflict or discrepancy.

1. The City will adopt and maintain these Financial Policy Statements to guide its decision making in the areas of budget, fund balance, capital improvement planning, debt management, investments and cash management. These financial policies can provide guidance during the preparation and deliberation of the City’s annual budget and other policy decisions that impact the City’s financial condition. The Financial Policy Statements will be reviewed annually during preparation of the budget.
2. The City will maintain a system of financial monitoring, control and reporting for all operations and funds held on behalf of the City.
3. The City will strive to synchronize its annual budget, capital improvement plan, BOMA-established goals and planning studies in a comprehensive manner reflected in the published budget, annual capital improvement plan and annual comprehensive financial report.
4. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health.
5. The City’s accounting and financial reporting systems will be maintained in conformance with all federal and state laws, generally accepted accounting principles (GAAP) and standards of the Government Accounting Standards Boards (GASB) and Government Finance Officers Association (GFOA).
6. An annual audit will be performed by an independent public accounting firm.
7. The independent auditor will present the Comprehensive Annual Financial Report (CAFR) and discuss audit findings at a public meeting.

## Operating Budget Policies

### General

The City will use a long-term perspective to examine short term operations and capital planning to maintain stability in the City’s finances, make the organization an efficient and effective provider of needed services, maintain good credit ratings and prepare for unforeseen emergencies.

1. The City Administrator will submit the proposed budget to BOMA not later than May 15<sup>th</sup>.

2. The City Administrator's proposed budget will include revenues and expenditures detailed by fund, program and activity for three years (prior year, current year budget and estimated and the proposed budget year).
3. The BOMA will adopt a balanced operating budget using current revenues which may include use of Fund Balance. A balanced budget is one where revenues are equal to or exceed expenditures.
4. The budget process will incorporate a long-term perspective that will help assess the impacts of current and proposed operating and capital budgets in order to develop appropriate strategies to achieve the goals of financial stability, efficient operations, good credit ratings and preparedness for the unforeseen.
5. The City Administrator and Finance Director will project revenues and expenditures over time using assumptions about economic conditions, historical and current financial performance, major goals and projects and other relevant factors.
6. The budget will reflect the City's broad organizational goals. These broad goals are reflected in the master plans for transportation, land use, recreation, other studies and through information communicated during the preparation of the annual budget and capital improvement plan.
7. The budget document will include the City's financial policies, goals and budget calendar.
8. The budget will involve and promote effective communications with residents, including conducting a public hearing prior to the final approval of the budget.
9. The budget process is intended to weigh competing requests for City resources, within expected fiscal constraints.
10. The Finance Director will provide monthly financial updates relative to the established budget to the BOMA during the fiscal year. The Finance Department will also provide monthly statements of expenditures to department heads after closeout of each month.
11. Budget amendments must be approved by the BOMA. Generally, these will be considered annually at the conclusion of the fiscal year, but may occur more frequently as situations dictate.

## Revenue

1. The City will maintain diversified and stable revenues to shelter it from the impact of short-term fluctuations in any one revenue source. The City will strive to further broaden the revenue stream, to the extent possible, including the diversifying of the property tax base and local sales tax generators.
2. The BOMA will adopt a tax rate adequate to meet the financial obligations of the City each year.
3. Non-recurring revenues and other financing resources will not be used to finance ongoing operations with the exception of the use of approved grants or the use of Fund Balance under fund balance policies.
4. Revenue estimates will be conservative and based upon trend analysis, economic conditions and other factors and will be established by the Finance Director.
5. The City will annually review its fees and other charges for service to ensure that revenues are meeting intended program goals and are keeping pace with inflation, other cost increases and any applicable competitive rate.
6. Grants will be spent for the purposes intended and will not be relied on for basic general fund services.
7. All potential grants will be carefully examined for matching requirements (both dollar and level-of-effort matches). The City will vigorously pursue grants for capital projects that fit long-range community improvements goals. The City will review grants for operating programs on an individual basis to determine the suitability of accepting the grants from a sustainable long-term financial perspective.

8. The City will use appropriate methods to collect monies owed on property taxes, court judgments and other sources.

## Expenditures

1. Current operating expenditures will be funded with current operating revenues, approved grants or under the approved policy for the use of fund balance.
2. The City will pursue goals of efficiency and effectiveness by balancing short term and longer term community interests.
3. Where possible, performance measures and productivity indicators will be integrated into the budget.
4. Department Heads are charged with budgetary responsibility of managing expenditures of their departments. Department Heads are expected to manage total expenditures within the limit established by BOMA during the budget process for the fiscal year. The department head shall notify the City Administrator and Finance Director in writing as soon as possible when it is identified that total expenditures are expected to exceed the authorized limits of the adopted budget.
5. During the fiscal year, the Finance Director will monitor revenues and expenditures monthly to compare actual performance to budget. Regular monitoring is intended to provide an opportunity for actions to be taken to bring the budget back into balance.
6. The number of full-time authorized positions is set by the BOMA during the annual budget approval. Any additions to the number of full-time authorized positions must be approved by the BOMA.
7. The annual budget will include a line item for funding for unforeseen needs of an emergency and non-recurring nature. The target "Unforeseen Contingency" line item will be \$200,000 until such time that the unassigned fund balance reaches its desired level (defined below in unassigned Fund Balance Policies).
8. Prior to any proposed use of derivatives, a written management report detailing the positive and negative consequences of the structures will be presented and adopted by BOMA.

## Fund Balance Policies

The City's Fund Balance (General Fund) is the accumulated difference between assets and liabilities within governmental funds. A sufficient fund balance allows the City to meet its contractual obligations, provide funds for new and existing programs established by BOMA, mitigate negative revenue implications of federal or state budget actions, mitigate economic downturns, fund disaster or emergency costs, provide funds for cash flow timing discrepancies and fund non-recurring expenses identified as necessary by BOMA.

This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board. The city's financial statements will report up to five components of Fund Balance: (1) Non-spendable Fund Balance; (2) Restricted Fund Balance; (3) Committed Fund Balance; (4) Assigned Fund Balance and (5) Unassigned Fund Balance.

### *Non-spendable Fund Balance*

According to GASB, "Fund balance is only an approximate measure of liquidity." One reason is that some of the assets reported in governmental funds may be inherently non-spendable from the vantage point of the current period. There are assets that will never convert to cash (e.g., prepaid items and inventories of supplies); assets that will not convert to cash soon enough to affect the current period (e.g.,

non-financial assets held for resale, such as foreclosed properties); and resources that must be maintained intact pursuant to legal or contractual requirements (e.g., capital of a revolving loan fund). Accountants signal this practical constraint on spending by labeling the relevant portion of fund balance as non-spendable fund balance.

#### *Restricted Fund Balance*

Restricted fund balance represents that portion of fund balance that is subject to externally enforceable legal restrictions. Such restrictions typically are imposed by parties altogether outside the government such as creditors, grantors, contributors or other governments. Restrictions can also arise when the authorization to raise revenues is conditioned upon the revenue being used for a particular purpose (e.g., gas tax for road construction).

#### *Committed Fund Balance*

Committed fund balance represents that portion of fund balance whose use is constrained by limitations that the government imposes on itself at the highest decision making level (BOMA) and remains binding unless removed in the same manner.

#### *Assigned Fund Balance*

Assigned Fund Balance describes that portion of fund balance that reflects a government's intended use of resources. Such intent can be established by the governing body, another body or official designated for that purpose.

There are two essential differences between committed fund balance and assigned fund balance. First, committed fund balance requires action by the highest level of decision-making authority (BOMA). Second, formal action is necessary to impose, remove or modify a constraint reflected in the committed fund balance, whereas less formality is necessary in the case of assigned fund balance.

#### *Unassigned Fund Balance*

The general fund will often have net resources in excess of what can properly be classified in one of the four categories described above. If so, that surplus is presented as unassigned fund balance.

Source: What Everyone Needs To Know about the New Fund Balance, Stephen J. Gauthier, GFOA

1. An adequate fund balance can provide a financial cushion against the shock of unanticipated circumstances and events, such as revenue shortfalls, unanticipated expenditures, natural disasters or other event.
2. Since there are practical and/or legal limitations on the use of non-spendable or restricted fund balances, they are not subject to the fund balance policies. The fund balance policies are relevant to the unrestricted fund balance, which includes the committed, assigned and unassigned fund balances.
3. The City will seek to achieve and maintain an unassigned fund balance between fifteen percent (15%) and thirty percent (30%) of General Fund operating revenues.
4. The following circumstances may justify a higher target level of fund balance:
  - a. Significant volatility of operating revenues or expenditures;
  - b. Potential drain on resources from other funds facing financial difficulties;
  - c. Exposure to natural disasters;
  - d. Reliance on a single corporate taxpayer or upon a group of corporate taxpayers in the same industry;
  - e. Rapidly growing budgets;
  - f. Rapid population growth;
  - g. Significant demand for infrastructure and capital projects;

- h. Significant exposure to variable rate debt;
  - i. Disparities in timing between revenue collections and expenditures.
5. The Assigned Fund Balance consists of funds set aside by management and intended for a specific purpose or project. The City Administrator will communicate in writing to BOMA assigned fund balances, which will include the purpose of the assignment. Although the City Administrator may assign portions of the fund balance to designated purposes, any expenditure of fund balance is still subject to the provisions of: BOMA legislation, the purchasing policy, City Code and/or TCA.
  6. If spending in designated circumstances has reduced unassigned fund balance below the targeted minimum level, it should be replenished until the balance is restored to the minimum level. The source of funds and the period over which the replenishment is to occur should be provided to the BOMA by the City Administrator and Finance Director.

## Capital Improvement Plan Policies

In order to ensure proper planning, funding and implementation of the provision of public facilities and infrastructure, the replacement of expendable assets at the end of their useful lives, and provide for major maintenance and capital improvements for current assets, a Capital Improvements Plan (CIP) will be adopted by BOMA. It is a financial planning and management tool that establishes priorities, matches projects with their potential internal and external funding sources, ensures the orderly improvement or replacement of fixed assets and provides an estimate of the size and timing of future bond issues or loans.

1. The City Administrator will prepare and submit to BOMA on an annual basis a Capital Improvement Plan (CIP), which identifies major projects.
2. The CIP will include a schedule for completion of each project, its general scope, estimated costs, identification of funding sources and financing requirements in future years.
3. The CIP will include projects and capital purchases which cost more than \$10,000, either individually or in aggregate, with a life of at least three years.
4. The development and adoption of the CIP will consider planning studies, comprehensive reports, such as the Major Thoroughfare Plan, and other master plans. These long-range planning tools will help guide the selection and prioritization of projects in the CIP.
5. The City Administrator and department heads will use a database that will take into account the following factors:
  - a. Appropriate technological solutions for project accounting, scheduling and reporting, which may include spreadsheets, project management software and customized databases;
  - b. The roles of staff, including access, input and editing privileges for system users charged with compiling, analyzing, and reporting financial and management information;
  - c. The process for controlling and managing project changes;
  - d. Accountability and data integrity within the financial management system;
  - e. Data accuracy;
  - f. Triggers and protocols for identifying and addressing project cost overruns.
6. The designated project managers will regularly monitor capital projects' financial and development activities and recouping of funding from other sources, such as developer agreements. Any major deviations in cost, schedule or scope will be reported through the chain-of-command. During the course of the project, the designated project manager will be

- responsible for tracking and initiating collection of any income and contributions to the project.
7. The project manager will close out the project, including necessary reporting regarding asset management, letters of credit or other sureties, any grant reporting requirements, collection of assessments related to third-party contracts and financial reporting.
  8. Pay-as-you-go financing will be used when possible and economically prudent to conserve debt capacity for future bond issues or loans.

## Debt Policies

The debt policy serves as a public commitment by BOMA to manage the financial affairs of the City so as to minimize risks while still meeting the capital needs of the City. A debt management policy signals to the credit rating services that Spring Hill is using a disciplined approach to financing the City's capital needs.

This debt policy addresses two areas: (1) the strategy for planning, structuring and managing the City's debt portfolio and (2) the process for transaction execution, including how debt is sold and procurement of the third-parties who assist the City in structuring and marketing the obligations.

The overarching goal for Spring Hill is providing the highest quality of services to our residents at the lowest possible cost. To accomplish this, along with other strategies, the City strives to maintain and improve its current credit ratings from multiple rating services considering the demographics, capital needs, ability to budget and the maintenance of financial flexibility. This lowers the cost of borrowing and helps with long term planning of capital needs.

## Overview

1. Long term debt shall not be used to finance current operations. The City will minimize the use of short-term cash flow borrowings by maintaining adequate working capital and stringent budgeting.
2. The useful life of assets to be purchased or built with bonded debt proceeds shall not be less than the maturity of the underlying debt. The City will not issue debt with a maturity beyond twenty (20) years.
3. An adopted capital improvements plan shall be the basis of determining borrowing, both as to the amount and the timing of debt sales.
4. The City will seek to structure its General Obligation debt with level debt service payments over the life of each individual bond issue. As a rule, the City will not backload, use "wrap around" techniques or balloon payments to pursue new projects. Revenue and Tax Increment debt, when utilized, may be structured to match new incomes derived from the construction of the project. When refunding opportunities, natural disasters or other external factors occur, the City may utilize non-level debt methods if it is in the City's best interest.
5. General Obligation bonds typically have lower interest rates than revenue bonds. The City may elect to use its General Obligation pledge with revenue bond issues when the populations served by the revenue bond projects overlaps or significantly are the same as the property tax base of the City. The BOMA and management are committed to maintain rates and fee structures of revenue supported debt at a level where no subsidy from the City's General Fund is required. The use of "wrap arounds," backloading or balloon payments will

be thoroughly discussed with the City's Financial Advisor and BOMA prior to implementing any of these techniques.

6. The City will comply with all legal requirements for notice of public meetings related to debt issuance.
7. In the interest of transparency, all costs (whether interest, issuance, continuing or one-time) will be disclosed to BOMA, residents and stakeholders in a timely manner. The method for disclosure including documentation of compliance with this policy will be developed and maintained by the City Administrator's Office with assistance from the Finance Director.

## Recommended Debt Ratios

8. Direct debt includes all long-term obligations directly supported by general revenues and taxes. It does not include interest expenses. Net direct debt (sometimes called net bonded debt) excludes self-supporting debt. Direct General Obligation debt service should not exceed thirty-three percent (33%) percent of the annual operating budget of the General Fund.
9. Direct General Obligation debt should not exceed two and one half percent (2.5%) of the full real estate value of taxation purposes of the City, as determined by the Maury and Williamson County's Property Assessor. This number should be determined by the growth rate of the community, overall financial conditions of the City and the current guidance from the bond rating agencies and will be evaluated annually along with the Capital Improvement Plan.
10. At the time debt is issued, direct debt per capita should not exceed \$2,000 per person as calculated by the most recent census. This number should be determined by the growth rate of the community, overall financial conditions of the City and the current guidance from the bond rating agencies and will be evaluated annually along with the capital improvement plan.

## Variable Rate Debt Obligations

11. The City recognizes the value of variable rate debt obligations ("VRDO's") and has greatly benefitted from the use of these bonds in the financing of needed infrastructure. The changing economic climate, the failure of bond insurance companies to retain their credit ratings, the difficulty of obtaining letters of credit and other liquidity features and the failure of auction-rate variable instruments has required all municipal issuers to reassess the role that variables play in debt financing. The City will avoid over-reliance on variable rate debt due to the volatility seen in those credit markets. If variable rate debt is greater than 50 percent, the City and its Financial Advisor should closely analyze whether additional variable rate debt is preferred.
12. The City will closely follow state legislative requirements and guidance from the credit rating agencies in adjusting this policy from time to time.
13. The City may use VRDO's with the purchase of assets with expected useful life of less than ten years, for construction financing on major multi-year projects and in other situations where fixed rate financing is not feasible.
14. In addition to the diversification of the VRDO debt portfolio of the City, the City's general practice is to budget variable rate debt service at least one percent over the past twelve month's average if interest rates have been stable. It is important to maintain strong unassigned Fund Balances to mitigate the potential negative exposure to market changes in variable rate debt. If interest rates are volatile, the City will budget interest costs using a larger safety factor.

15. With recommendation from the City's Financial Advisor, the City may use third-party credit enhancement techniques when financial savings can be obtained or unnecessary risk can be avoided. Diversification of risk will be a consideration in selecting third-party credit enhancement or liquidity providers.
16. Prior to any proposed use of derivative products, a written management report detailing the positive and negative consequences of the structures will be presented to and adopted by BOMA.

## Sale of Debt

17. The City will utilize a Financial Advisor to review debt policies, evaluate the Capital Improvement Plan, examine the capacity of the City for additional debt, follow and understand market conditions, structure the bond offering to best fit those market conditions, prepare and lead staff through the credit rating agency process, obtain access to credit enhancements when needed and conduct the actual sale of the bonds. This is a "trust relationship" with the Financial Advisor having fiduciary responsibilities to the City.
18. The Financial Advisor shall fully disclose all existing client and business relationships between and among all professional participants in the debt issuance process to prevent any appearance of a conflict of interest. The Financial Advisor shall refrain from entering into any future relationship that might give rise to a conflict of interest for the duration of the time period during which they serve the City.
19. Upon recommendation of the City Administrator and Finance Director, the Financial Advisor will be selected by the BOMA after thorough review of the firm's credentials and experience in a merit based process. The relationship between the City and its Financial Advisor should be reviewed every three to five years.
20. Because of the importance of the Financial Advisor to the City's ability to sell debt in the most efficient manner, the City will require the Financial Advisor to maintain its independence and not serve as an underwriter or broker/dealer of the City's bonds throughout the time of their engagement.
21. Likewise, the City must employ Bond Counsel to render an opinion on the tax exempt nature of the bonds and that all legal requirements for issuance of the debt have been correctly performed. Bond counsel will be selected by a merit based process and the relationship will be reviewed at the time of issuance of new bonds. The City's Bond Counsel shall fully disclose all existing client and business relationships between any other transaction participants in the debt issuance process to prevent any appearance of a conflict of interest. The Bond Counsel shall refrain from entering into any future relationships that might give rise to a conflict of interest for the duration of the time period during which they serve the City.
22. Underwriters are required participants in negotiated bond sales. The primary role of the Underwriter in a negotiated sale is to market the City's bond to investors.
23. Underwriters of City bond transactions shall not serve as the Financial Advisor to the City in the same debt or derivative transaction. A Financial Advisor cannot resign and become the Underwriter of a debt transaction. The Underwriter must not be selected until after a Financial Advisor has been engaged for the debt transaction.
24. The Underwriter must have documented experience in underwriting in similar cities with financings of comparable size, structure and complexity. The Underwriter is to be selected in a fair process with the assistance of the Financial Advisor. The relationship will be reviewed at each new issuance of debt by the City.
25. The Underwriter must disclose all relationships (including fees and payments) to any other transaction participant outside of the transaction. The Underwriter shall fully disclose all

- existing client and business relationships between any other transaction participants in the debt issuance process to prevent any appearance of a conflict of interest. The Underwriter shall refrain from entering into any future relationships that might give rise to a conflict of interest for the duration of the time period during which they serve the City.
26. The City reserves the right to approve the selection of the Underwriter's Counsel.
  27. The Underwriter's Counsel must disclose all relationships (including fees and payments) to any other transaction participant outside of the transaction. The Underwriter's Counsel shall fully disclose all existing client and business relationships between any other transaction participants in the debt issuance process to prevent any appearance of a conflict of interest. The Underwriter's Counsel shall refrain from entering into any future relationships that might give rise to a conflict of interest.
  28. The City will sell its debt using the method of sale that is most likely to achieve the lowest cost of borrowing while in compliance with federal and state law. This analysis takes into account bond structure, underlying security, credit ratings and other factors pertaining to the bond issue that may impact the ability for the efficient sale of debt.
  29. The City's preferred method of sale is through competitive bid. However, when advised by the Financial Advisor that a negotiated sale may be the most advantageous (refinancing or unusual structures of debt), the City may enter into negotiated or private placement of bonds. Any sale of bonds must conform to current Tennessee law.
  30. The City will provide through its website copies of annual budget documents, comprehensive annual financial reports, official statements of debt issues and other financial and operating information in a timely fashion. In addition, the following material events will trigger disclosure of any information pertaining to the City's debt issues:
    - a. Principal and interest payment delinquencies;
    - b. Non-payment related defaults;
    - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
    - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
    - e. Substitution of credit or liquidity providers, or their failure to perform;
    - f. Adverse tax opinions or events affecting the tax-exempt status of the security;
    - g. Modifications to rights of security holders;
    - h. Optional contingent or unscheduled Bond calls;
    - i. Defeasances;
    - j. Release, substitution or sale of property securing repayment of the securities;
    - k. Rating changes;
    - l. Failure to provide annual financial information as required;
    - m. Any other changes that may be required.

## Refunding Debt

31. Opportunities for refunding bond issues should be surveyed semiannually or when there are big swings in the interest rate environment.
32. Advance refunding opportunities shall be reported to the BOMA if net present value savings of (3%) or more can be achieved. The option value of each maturity for refunding consideration should also be reviewed by the Financial Director and the Financial Advisor to determine favorability as a refunding candidate.
33. Comprehensive cost information associated with a refunding shall be reported to the BOMA as well a complete plan of refunding detailing the costs and benefits of each option.
34. Refunding opportunities for revenue bonds should be considered if restrictive covenants to prevent the issuance of other debt or create other restrictions on the financial management of revenue producing activities.

## Investment Policies

The funds of the City will be invested in accordance with state law, including Tennessee Code Annotated (TCA) 6-56-106, which sets out authorized investments for Tennessee municipalities and within the parameters of this policy.

1. The City's investments shall be managed in such manner as to attain a market average rate of return throughout all economic cycles. Preserving and protecting the capital will always be first priority followed by liquidity and yield.
2. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.
3. Investments decisions should not incur unreasonable investment risks in order to obtain current investment income.
4. The standard of prudence to be applied shall be the "prudent investor rule", which states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probably income to be derived."
5. The prudent investor rule shall be applied in the context of managing the overall portfolio.
6. The City Recorder, Finance Director, and City Administrator are designated as the investment officers of the City and are granted the authority to make investment decisions jointly within the parameters of the policy.
7. The investment officers will monitor the content of the investment portfolio, the available markets and the relative values of the qualifying investments, and will have privileges of adjusting the portfolio accordingly. No investments will be considered that are not described in the investment policy.

## Authorized Investments

The investment officers will diversify instruments to avoid unreasonable risks inherent in over investing in specific instruments, individual institutions or maturities. The instruments to be used as follows:

1. Treasury Bills, Notes and Bonds of the United States or other obligations guaranteed as to principal and interest by the full faith and credit of the United States or any of its agencies. May be used for up to 100 percent (100%) of the portfolio.
2. Repurchase agreements for obligations of the United States or its agencies.
3. Certificates of deposit in financial institutions that have branches in Spring Hill and recognized as state depositories pursuant to TCA Section 9-4-107; provided, however, certificates of deposit shall be collateralized in accordance with the provisions of Tennessee Code Annotated.
4. Local Government Investment Pool; up to 100 percent (100%) of the portfolio.

All investments of the City will meet the maturity standards prescribed in state law, including TCA Section 6-56-106.

## Investment Risk Management

1. In order to minimize custodial credit risk, all deposits with financial institutions are required to be secured in one or a combination of the following ways:
  - a. FDIC coverage;
  - b. By designated collateral securities under a collateral agreement with the institution;  
or
  - c. By the institution's participation in the Tennessee collateral pool.
2. Interest rate risk will be managed through limiting maturities on investments. The following limits will apply to original maturities on investments:
  - a. No greater than 25% of the total portfolio may be invested for periods longer than 1 year at any one time.
  - b. No amounts may be invested with maturities for periods greater than 3 years.

## Cash Management Policies

1. The City recognizes that effective cash management is an integral component of sound financial management. Therefore, it is the policy of the City that funds deemed idle, based on projected cash flow, shall be invested in a manner that seeks to maximize their productivity until such time as they are needed for the operations of the City. Investments shall be at the highest rates obtainable at the time of investment, within the limitations of the law and the City's investment policy. The City's investment portfolio shall be designed and managed in accordance with the responsibility of ensuring the public's trust and shall also be consistent with state and local laws.
2. Responsibility for the management of the City's investment portfolio is delegated to the Finance Director by the City Administrator. The Finance Director will establish and maintain written procedures for the operation of the cash management and investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director.
3. The City may invest funds with depositories having offices located in the corporate limits of the City. If required services are not available with the local depository branch, the City may utilize services from the nearest branch to the corporate city limits. Any financial institution in which the City has funds shall provide such financial data to the Finance Director as may be in the form of audited financial statements or financial condition of the institution. Such data may be in the form of audited financial statements or Federal Deposit Insurance Corporation regulatory reports. Any refusal to provide such information to the City may be cause for termination of the banking relationships or contracts with such institution.
4. The City requires full collateralization of all City deposits as required in State statute. The City prefers financial institutions participate in the State Treasurer's collateralization pool. The City will allow FDIC coverage to be considered in calculating full collateralization.
5. At this time, the City chooses not to use derivative financial structures in the management of the City's investment portfolio. Prior to any proposed use of derivatives, a written management report detailing the positive and negative consequences of the structures will be presented and adopted by the BOMA.

**PUBLIC FINANCIAL MANAGEMENT, INC.**

**AGREEMENT FOR FINANCIAL ADVISORY SERVICES**

This agreement, made and entered into this 1 day of July, 2011, by and between the City of Spring Hill, Tennessee ("Client") and Public Financial Management, Inc., (hereinafter called the "Financial Advisor" or "PFM") sets forth the terms and conditions under which the Financial Advisor shall provide services.

WHEREAS, Client is desirous of obtaining the services of a financial advisor to develop and assist in implementing Client's strategies to meet its current and long-term operations and capital financing needs and render assistance in respect to debt transactions; and

WHEREAS, PFM is generally knowledgeable of accounting and legal requirements applicable to Tennessee counties and qualified on best management practices for local governments and it is the expectation that PFM's services are to be reflective of their knowledge and qualifications. A brief description of PFM's relevant experience to this Scope of Services has been included as Appendix C.

NOW, THEREFORE, in consideration of the above mentioned premises and intending to be legally bound hereby, Client and PFM agree as follows:

**I. SCOPE OF SERVICES**

PFM shall provide, upon request of the Client services related to financial planning and policy development and services related to debt issuance, examples of which, not intended to be exclusive, are set forth in Appendix A to this Agreement.

**II. WORK SCHEDULE**

The services of the Financial Advisor are to commence as soon as practicable after the execution of this Agreement and a request by the Client for such service.

Services which are not related to a particular transaction shall be completed as agreed between the Client and the Financial Advisor.

**III. FINANCIAL ADVISORY COMPENSATION**

For the services described, PFM's professional fees and expenses shall be paid as follows:

1. For services related to general financial planning, policy development and financial analysis, PFM shall receive a quarterly retainer of \$4,000 effective as of the date of this Contract. For special projects requested of the client, a budget will be developed prior to the start of the project work, based upon the standard hourly rates identified below. Services will be billed no more frequently than quarterly.

Experience Level Hourly Rate

Managing Director	\$300.00
Senior Managing Consultant	\$250.00
Consultant	\$200.00
Associate	\$150.00

2. For services related to debt transactions as detailed in Appendix A.2, PFM will be compensated on a per bond fee basis based upon the following table:

<u>Issue Amount</u>	<u>Fee Per \$1,000</u>
First \$5 million	\$2.50 per thousand
Next \$5 million	\$1.75 per thousand
Next \$15 million	\$1.25 per thousand
Next \$25 million	\$1.00 per thousand
Over \$50 million	\$0.75 per thousand

For services rendered with respect to any revenue or advance refunding financings, the above fees shall increase by 25%. The minimum compensation for financial advisory work related to any single series debt transaction shall be \$20,000.00 with a maximum of \$85,000.00.

3. For fees as to Special Services described in Appendix A, PFM shall negotiate in advance a not-to-exceed amount and other mutually agreeable terms.

Reimbursable Expenses

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Appropriate documentation will be provided.

**IV. TERMS AND TERMINATION**

This agreement shall remain in effect unless canceled in writing by either party upon thirty (30) days written notice to the other party.

**V. NON-ASSIGNABILITY**

PFM shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the Client.

**VI. INFORMATION TO BE FURNISHED TO THE FINANCIAL ADVISOR**

All information, data, reports, and records in the possession of the Client necessary for carrying out the work to be performed under this Agreement shall be furnished to the Financial Advisor and the Client shall cooperate with the Financial Advisor in all reasonable ways.

## **VII. NOTICES**

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to-wit:

**City of Spring Hill, TN**  
199 Town Center Parkway  
P. O. Box 789  
Spring Hill, TN 37174

**PUBLIC FINANCIAL MANAGEMENT, INC.**  
Two Logan Square  
18th & Arch Streets  
Suite 1600  
Philadelphia, PA 19103-2770  
Attention: Chief Executive Officer

**PUBLIC FINANCIAL MANAGEMENT, INC.**  
530 Oak Court Drive  
Suite 160  
Memphis, TN 38117  
Attention: Lisa Daniel

## **VIII. TITLE TRANSFER**

All materials prepared by PFM pursuant exclusively to this Agreement shall be the property of the Client. Upon termination of this Agreement, Financial Advisor shall deliver to the Client copies of any and all material pertaining to this Agreement.

## **IX. FINANCIAL ADVISOR'S REPRESENTATIVES**

The primary team assigned to complete the Scope of Services for the Client has been identified in Appendix B. The primary team will be supported by other PFM staff members and specialists as needed. The Client has the right for any reason to request PFM to replace any member of the advisory staff. Should the Client make such a request, PFM shall promptly suggest a substitute for approval by the Client.

## **X. INDEPENDENT CONTRACTOR**

The Financial Advisor, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint ventures of Client by virtue of this Agreement or any actions or services rendered under this Agreement.

## **XI. ENTIRE AGREEMENT**

This Agreement represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by both parties.

## **XII. CONFLICTS OF INTEREST**

PFM represents and warrants that PFM has no actual or potential conflicts of interest in providing services to the Client under this Contract. If a real or perceived conflict of interest should arise, PFM will immediately inform the Client and take agreed-upon action to resolve.

**XIII. TERMINATION OF CONTRACT**

Either party may terminate this Agreement with thirty (30) days written notice at any time without cause. Work will cease and no additional hours will be charged upon notice of termination.

IN WITNESS THEREOF, the Client and Financial Advisory have executed this Agreement as of the day and year herein above written.

ATTEST: **City of Spring Hill, TN**

By:  , Mayor  
(Witness) Name, Title

DATE: \_\_\_\_\_

ATTEST: **PUBLIC FINANCIAL MANAGEMENT, INC.**

BY:  \_\_\_\_\_  
(Witness) Lisa Daniel, Managing Director

DATE: \_\_\_\_\_

## Appendix A

1. Services related to general Financial Planning and Policy Development upon request of the Client:

- Assist the Client in the formulation of Financial and Debt Policies and Administrative Procedures.
- Review current debt structure, identifying strengths and weaknesses of structure so that future debt issues can be designed to maximize ability to finance future capital needs. This will include, but not be limited to, reviewing existing debt for the possibility of refunding that debt to provide the Client with savings.
- Analyze future debt capacity to determine the Client's ability to raise future debt capital.
- Assist the Client in the development of the Client's Capital Improvement program by identifying sources of capital funding for infrastructure needs.
- Assist the Client with the development of the Client's Financial Plan by assessing capital needs, identifying potential revenue sources, analyze financing alternatives such as pay-as-you-go, lease/purchasing, short-term vs. long-term financings, assessments, user fees, impact fees, developer contributions, public/private projects, and grants and provide analysis of each alternative as required as to the budgetary and financial impact.
- Review the reports of accountants, independent engineers and other project feasibility consultants to ensure that such studies adequately address technical, economic, and financial risk factors affecting the marketability of any proposed revenue debt issues; provide bond market assumptions necessary for financial projections included in these studies; attend all relevant working sessions regarding the preparations, review and completion of such independent studies; and provide written comments and recommendations regarding assumptions, analytic methods, and conclusions contained therein.
- Manage and maintain computer models for long-term capital planning which provide for inputs regarding levels of ad valorem and non-ad valorem taxation, growth rates by operating revenue and expenditure item, timing, magnitude and cost of debt issuance, and project operating and capital balances, selected operating and debt ratios and other financial performance measures as may be determined by the Client. *Initial development of such models may be considered a Special Project.*
- Provide debt services schedules reflecting varying interest rates, issue sizes, and maturity structures as these are needed for feasibility consultants or for related Client fiscal planning; and
- Attend meetings with Client's staff, consultants and other professionals and the Client.
- Review underwriter's proposals and submit a written analysis of same to the Client.
- Undertake any and all other financial planning and policy development assignments made by the Client regarding bond and other financings, and

financial policy including budget, tax, cash management issues and related fiscal policy and programs.

- Assist the Client in preparing financial presentations for public hearings and/ or referendums.
- Provide special financial services as requested by the Client.

2. Services Related to Debt Transactions (Includes short term financings, notes, loans, letters of credit, line of credit and bonds). Upon the request of the Client:

- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
- Develop a financing plan in concert with Client's staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Assist the Client by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
- Advise as to the various financing alternatives available to the Client.
- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
- Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.
- If appropriate, develop credit rating presentation and coordinate with the Client the overall presentation to rating agencies.
- Assist the Client in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond resolutions regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond resolutions.
- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the Client's obligation.
- Assist the Client and Bond/Underwriter's Counsel in the review of the offering documents related to publically offered debt issuance.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with Client's staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that Financial Advisor is not responsible for the inclusion or omission of any material in published offering documents.

- Provide regular updates of tax-exempt bond market conditions and advise the Client as to the most advantageous timing for issuing its debt.
- Advise the Client on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the Client in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make in writing definitive recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.

If the transaction is competitive, the services of the financial advisor will be modified to reflect that process.

3. Special Services. Upon request of the Client:

PFM may provide other services which shall include, but not be limited to, the following:

1. Impact fee financial analysis
2. Grantsmanship
3. Rate analysis
4. Management analysis
5. Referendum assistance
6. Legislative initiatives
7. Project assessment analysis
8. Implementation of revenue enhancement programs
9. Financial analysis of projects being developed by engineer/ architect studies
10. Negotiate on behalf of the Client for proposed projects
11. Services for acquisition of Private Utility

## **Appendix B – Primary Team (Resumes)**

**Lisa Daniel, Managing Director and Engagement Manager:** joined PFM in 1999 and is responsible for the Financial Advisory business managed from the Memphis office. Ms. Daniel advises a mix of cities, counties, states and authorities including Shelby County, TN, the Metropolitan Government of Louisville-Jefferson County, KY, the State of Tennessee, and the Metropolitan Nashville Airport Authority. Ms. Daniel provides these clients with a broad range of financial advisory services including identifying potential financing alternatives for various projects, preparing debt capacity analyses, evaluating debt restructuring opportunities, coordinating rating agency relations, and executing debt transactions. Ms. Daniel has been instrumental in the successful execution of several complex transactions including those issued by the Memphis-Shelby County Sports Authority (Fed-Ex Forum) and Memphis-Shelby County Airport Authority.

Ms. Daniel also serves as the Director of PFM's State Pool Program and State Revolving Fund sectors. Lisa serves as the primary project manager for Kansas Development Finance Authority, New York State Environmental Facilities Corporation and Iowa Finance Authority. For these clients alone, she has orchestrated the issuance of over 75 bond issues representing over \$5.5 billion to finance Clean Water and Drinking Water needs. To further support these programs, she has supervised the development of customized transaction management models, including those designed to assess program capacity, measure default tolerance levels and design optimal capital financing structures. Her vast knowledge of program intricacies and the specific regulations governing tax exempt financings evolved from nine years spent with Ernst & Young's bond verification and arbitrage rebate practices.

Prior to joining PFM, Ms. Daniel served as the Manager of the Arbitrage Rebate and Verification Group of Ernst and Young LLP, where she worked for nine years. Ms. Daniel graduated with a BA in Economics and Business Administration from Rhodes College in Memphis, Tennessee, and is a Certified Public Accountant (inactive).

**Lauren Lowe, Senior Managing Consultant and Project Manager:** joined PFM in September 2004 as a Consultant in the Fort Myers, Florida office. Throughout her time in Florida, Lauren provided technical and analytical support for a variety of clients including cities, counties, utility districts and airports. While working in Fort Myers, Ms. Lowe was involved in debt structuring of over \$1.1 billion in bond issues and over \$51 million in bank loans and lines of credit. Her experience includes Airport Revenues, Gas Taxes, Water, Sewer and Solid Waste System Revenues, Infrastructure Sales Surtax, General Obligation and Capital Revenue Transactions. Ms. Lowe maintained complex Cash Flow Models (Transportation-Toll Facilities) and Capital Improvement Plans. Other analyses completed by Ms. Lowe include Pricing, Debt Capacity and Refunding (Current, Advance and Forward). Ms. Lowe provided primary analytical support on all competitive and negotiated sales for the Fort Myers office.

In August 2007, Ms. Lowe joined the Memphis office. Lauren continues to provide analytical analysis as well as transaction management on debt transactions and structuring, strategic planning, pricing and cash flow analysis to Memphis clients. While working in Memphis, Lauren has contributed to the successful completion of over \$2.6 billion in debt structuring. Ms. Lowe has experience managing project administration for State, City, County, Airport, Public Power and Utility System clients. Lauren currently serves as the project manager to the City of Germantown, TN; City of Franklin, TN; City of Chattanooga, TN and the State of Tennessee.

Ms. Lowe graduated from Mississippi State University where she received a Bachelor of Science degree in Business Administration with a major in Finance.

**Ryan Childs, Consultant and Analytical and Quantitative Support:** Ryan Childs joined Public Financial Management, Inc. as a Consultant in June 2006. Ryan works as a part of the Memphis office with a variety of municipal clients. He presently works with senior staff on structuring, sizing, and pricing debt transactions, financial modeling, capacity and cash flow analyses. Mr. Childs has worked with clients across the municipal spectrum including states, cities, airports, universities, and water and sewer districts.

Ryan previously worked as part of the PFM Pricing Group, which provides pricing resources and negotiation support for PFM's clients nationwide, continually monitoring and analyzing the municipal market to offer PFM's clients reliable and accurate market information. Ryan advised PFM's client on market conditions, bond pricing and negotiations. He has assisted PFM clients with hundreds of transactions totaling since joining the PFM in 2006.

Mr. Childs is a graduate of Rhodes College, where he received a Bachelor of Arts in International Business Administration with a minor in Computer Science. Ryan is a Level 2 candidate in the Chartered Financial Analyst program.

**Joshua McCoy, Consultant and Analytical and Quantitative Support:** joined Public Financial Management, Inc. as a Consultant in July 2008. After completing the comprehensive training program in Philadelphia, he returned to the Memphis office to assist with a variety of clients in the Southeast.

Mr. McCoy's present duties include working with a variety of municipal clients, including the State of Tennessee, the City of Germantown, and the City of Franklin, including various other and local governments and state revolving funds, on structuring, sizing and pricing new money and refunding municipal bond issues. Mr. McCoy also provides assistance in assessing issuer's outstanding debt and performing analyses of refunding opportunities as well as cash flow modeling, debt capacity and funding analyses.

Mr. McCoy has supported senior staff on over \$1.9 billion in debt transactions, financial planning, refunding and financial modeling. His transaction experience encompasses a full range of issuance types including taxable, tax-exempt, competitive and negotiated sales as well as an array of refunding and debt restructuring issues.

Mr. McCoy is a graduate of Rhodes College, where he received a Bachelor of Arts degree in Economics and Business. Mr. McCoy is a Level 1 candidate in the Chartered Financial Analyst program.

## Appendix C – Relevant Experience

As an independent financial advisory firm, PFM operates completely independent of the underwriting of municipal securities by banks and securities dealers. It is important to keep in mind that underwriter trading desks generally provide accurate information, assuming that the right questions are asked, but underwriters have to meet the goals of two clients: the issuer and the investor. PFM's only role is a fiduciary responsibility to meet the goal of its sole client, the issuer.

Therefore, our independent perspective on the market means that the County will receive our unbiased advice as to matters relating to the County's existing debt profile and future opportunities to raise capital. For example, PFM will assist the County to identify the method of sale that has the greatest chance of minimizing borrowing costs within acceptable transaction parameters, whether it is competitive or negotiated. The effective pricing of bond issues and related costs of issuance is a hallmark of PFM. We supply unbiased market information to facilitate successful outcomes on transactions. The following two case studies demonstrate value in which we have brought to our Tennessee clients' issuances.



### **City of Franklin, Tennessee**

PFM was hired in February 2009 to serve as the financial advisor to the **City of Franklin, Tennessee ("the City")**. PFM assisted the City to develop a Reserve Fund Balance Policy and a Debt Management Policy that have been accepted and approved by the Finance Committee and adopted by the Board of Mayor and Alderman. Once policy guidelines were in place, PFM developed a Capacity Analysis Model to assist the Capital Improvement Committee and the Board of Mayor and Alderman in capital improvement funding decisions. This Capacity Analysis Model is used to stress test revenues and expenditures and to identify various funding scenarios given a broad set of variables to determine debt affordability and aid in capital budgeting decisions. As the City's Financial Advisor we have evaluated the existing debt portfolio in the context of their existing policies, goals and objectives and are working with senior administration to develop a long-range debt strategy. This includes an analysis of the use of variable rate and fixed rate debt and the appropriate levels of each as well as an evaluation of any risks associated with existing debt as it relates to third parties. In the past year and a half, we have become a valued member of the City's team and look forward to using our experiences with Franklin to better serve other cities within Tennessee.



### **City of Murfreesboro, Tennessee**

In May of 2009, PFM was hired to assist the **City of Murfreesboro, Tennessee (the "City")** to refinance a portion of the City's, as well as their Water and Sewer System and the Electric Systems, troubled variable rate loans. Due to third party liquidity providers being downgraded, the City witnessed an increase in interest rates related to some of its variable rate loans. Historically, the City and its departments have enjoyed the low cost of borrowing associated with a 100% variable rate debt profile, however as liquidity provider contracts have become scarce and more expensive, the City found it uneconomical and risky to restructure the troubled loans with a variable rate refinancing. As part of our engagement with the City, PFM has provided educational support on risk assessment and municipal fixed rate

bond mechanics and provided the new City Administration with financial advice related to fixed rate bond issuances. Based upon our advice the City is now moving forward with a fixed rate refinancing to restructure its troubled variable rate loans and to diversify its current debt portfolio to include a greater percentage of fixed rate debt. In addition to the refinancing of a portion of the City's variable rate loans, PFM identified a current refunding for the Electric System which is projected to produce a present value savings of 5.89% or slightly over \$22,000 in annual debt service relief.

In addition to providing financial advice related to fixed rate bond issuance PFM also assisted the City with developing a strategic rating presentation to be presented to the rating analysts. Prior to our engagement, the City only had an issuer rating through Moody's. Because in the post-insured market investors are more focused on issuer credit ratings, PFM recommended that the City precede with a secondary rating from Standard & Poor's in order to attract more investors to the City's credit. As a result of our analysis, preparation and assistance related to the development of a clear rating presentation, the City's "A1" credit rating was affirmed by Moody's and Standard & Poor's assigned the City a rating of "AA-".

**References**

We have provided the following references to the County that can speak to PFM's knowledge and expertise as a partner and financial advisor.

<p><b>City of Bartlett, TN</b>          Mark Brown          CAO/CFO          P.O. Box 341148          Bartlett, Tennessee 38134          901.385.1060</p>	<p><b>City of Franklin, TN</b>          Russell Truell          Assistant City          Administrator/CFO          City Hall          109 3<sup>rd</sup> Avenue South          Franklin, TN 37064          615.791.1457</p>	<p><b>State of Tennessee</b>          Mary-Margaret Collier          Director of State and Local          Finance          1600 James K Polk          State Office Building          Nashville, TN 37243          615.747.5370</p>
---	---	--