90 Debt Service Funds-At a Glance

Mission

To accumulate funds to repay principal (money borrowed) and interest due on general obligation bonds and notes issued by the government to finance capital projects (land, buildings, equipment, etc.) with lives greater than one year. Three funds are used to account for this debt:

25104 Schools Debt Service Fund
20115 GSD Debt Service Fund
28315 USD Debt Service Fund

Budget Summary

	2014-15	2015-16	2016-17
Expenditures and Transfers:			
Debt Service Funds	$ 217,840,000	$ 221,896,600	$ 240,452,500
Total Expenditures and Transfers	$ 217,840,000	$ 221,896,600	$ 240,452,500
Revenues and Transfers:			
Program Revenue			
Charges, Commissions, and Fees	$ 0	$ 0	$ 0
Other Governments and Agencies	2,380,500	2,781,300	4,053,100
Other Program Revenue	0	0	0
Total Program Revenue	$ 2,380,500	$ 2,781,300	$ 4,053,100
Non-program Revenue	163,447,800	186,694,400	199,126,100
Transfers From Other Funds and Units	51,991,700	29,420,900	37,273,300
Total Revenues	$ 217,840,000	$ 221,896,600	$ 240,452,500
Expenditures Per Capita	$ 330.35	$ 331.64	$ 354.19

Positions

Total Budgeted Positions	0	0	0

Contacts

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These funds are administered by the Department of Finance, and have no separate organization chart.

Debt Service Expenditures by District & Fund

Source Description	FY 2015 Budget	FY 2015 Actual	FY 2016 Budget	FY 2017 Budget
GSD - General Services District				
20115 GSD Debt Service	$ 120,997,300	$ 124,928,600	$126,278,400	$136,803,000
25104 MNPS Debt Service	76,356,000	74,263,900	78,037,100	84,403,400
Total GSD	$197,353,300	$199,192,500	$204,315,500	$221,206,400
USD - Urban Services District				
28315 USD Debt Service	$ 20,486,700	$ 20,470,400	$ 17,581,100	$ 19,246,100
Total USD	$ 20,486,700	$ 20,470,400	$ 17,581,100	$ 19,246,100
Total General Obligation Debt Service – GSD+USD	$217,840,000	$219,662,900	$221,896,600	$240,452,500

90 Debt Service Funds-At a Glance

Budget Highlights FY 2017

The recommended budget services outstanding debt issues in addition to projects recommended in the FY 2016 capital plan based on the current tax rate. Currently, Metro has approximately $1,234,392,399 in un-issued general obligation bonds authorized for capital plans in Fiscal Years 2010 through 2016 after the de-authorization of some projects in 2009. The current budget reflects the continued funding of these outstanding authorizations at historical spending levels.

Overview

Debt Financing: Periodically, Metro borrows money to undertake selected capital improvements that are included in the Capital Plan by issuing (or selling) bonds and notes, which are written promises to repay the debt at certain times and with certain interest to bondholders/investors. The specific improvements to be financed are listed in the legislation that authorizes the debt. The proceeds from the sale of the debt are used to pay for those improvements.

Debt service is the process of repaying those bonds and notes, and their interest, over time to bondholders/ investors. A small portion of the principal is repaid each year between issuance and maturity. This approximately matches the maturity dates of bonds to the lives of the projects they fund, and keeps Metro from having to make a big payment at one time to make a capital improvement.

Metro does not issue long-term notes and bonds to finance operating expenditures or deficits.

Types of debt: Debt generally falls into the following categories:

- General obligation (GO) debt is payable from taxes, and is backed by the full faith, credit, and taxing power of the government. There is no legal limit to Metro's use of general obligation debt, although issuance requires passage of a Council ordinance. Only general obligation debt is repaid from the three debt service funds (25104, 20115, and 28315).
- Revenue debt is often used to finance projects that will generate revenue. Part of the revenue generated by a project is used to service the debt on the project. It is accounted for through the enterprise or internal service fund that develops the capital project and receives its revenues.
- Limited obligation revenue debt is a newer hybrid form that normally operates as revenue debt, but is backed by certain non-property-tax revenues (defined in the bond covenants) in the event that there are not sufficient revenues to service the debts.

Interest earned by our bondholders/investors is generally held to be exempt from federal and Tennessee taxation.

Structure: Metro's outstanding debt takes three forms:

- Bonds - Long-term debt that usually matures over a period of 20-30 years.
- Notes - Shorter-term debt that is issued for three years, renewable for an additional two terms of three years each. The usual total maturity is 3 to 5 years.
- Commercial paper – Short-term GO obligations with flexible maturities ranging from 2 to 270 days, is issued as cash is needed in blocks of $100,000 plus $1,000 increments. Interest rates are usually lower than bond interest rates.

Notes and commercial paper often provide temporary financing and are retired by issuing longer-term bonds.

Many bonds have "call" provisions that allow Metro to redeem the debt before its scheduled maturity. This is most often done when the debt being called is refunded by issuing new debt for the same period of time but at lower interest rates. The lower interest costs save Metro money over the remaining life of the bond issue.

Legal Limitations: There is no legal debt margin limitation on GSD debt. Section 7.08 of the Charter limits the USD total net bonded indebtedness payable from USD ad valorem taxes, after deduction of sinking funds for the payment of principal, to 15% of the USD assessed valuation of taxable property. At June 30, 2009, the taxable property was valued at $11.211 billion, so the 15% limit was $1.682 billion. With only $144.05 million of applicable debt (1.25% of valuation), the margin was $1.541 billion.

Bond Ratings: Metro holds excellent investment-grade ratings from two independent rating agencies (Moody's Aa2 and Standard & Poor's AA). These ratings are based on both the city's financial health and available reserves for paying off debt. Each agency has its own rating system; ratings of the two agencies cannot necessarily be compared to each other. For explanations of the ratings, visit each agency's web site.

Some bonds' scheduled payment of principal and interest is privately insured by Ambac Assurance Corporation, the Financial Guaranty Insurance Company (FGIC), MBIA Insurance or Financial Security Assurance, Inc. (FSA).

Debt Policies: The following guidelines are used in managing debt service funds:

- USD general obligation debt is subject to the legal limitation noted above.
- Debt is not issued above the capacity provided by current revenue sources (including property taxes at the current rate) plus anticipated normal growth; debt is not issued in anticipation of a not-yet-approved property tax increase.
- When planning future debt capacity, normal revenue growth is projected conservatively.
- The financing of an improvement will not exceed its useful life. In a multi-purpose bond package, the package maturities will reflect the mix of project lives funded by the package; the average life of the bonds cannot exceed the average life of the projects.
- General obligation issues are sold either by negotiated sale or by bid in public offering; a bid sale is awarded to the bidder with the lowest true interest cost or through negotiated offering.
- Bond issues may be considered for refunding when lower interest rates on the new bonds will result in a 3% or better net present value savings over the old bonds. The term of the refunding bonds will not exceed the terms of the bonds being refunded.

90 Debt Service Funds-At a Glance

Revenue Sources: Revenues for all three funds are detailed in the budget ordinance. The GSD and USD Debt Service Funds (funds 20115 & 28315) are funded primarily by a dedicated portion of the property tax levies. The GSD Debt Service Fund also receives $3.2 million from the GSD General Fund (fund 10101) for stadium debt, and the Schools Debt Service Fund (fund 25104) receives substantial schools-related sales taxes.

Capital Expenditures and the Budget: The discussion of Capital Improvements in Section A of this book describes how these funds relate to the operating budget.

Recent Bond Issues: The Recent Bond Issues table summarizes recent bond issues. Note that only the general obligation issues are serviced through the GSD, USD, and Schools Debt Service funds; the revenue issues are serviced through non-tax sources. Future debt service requirements are listed on the next page.

Comparative Debt Statistics: The Comparable Debt Statistics table uses standard indicators to measure debt burden levels and trends.

Comparative Debt Statistics

Fiscal Year	Net Debt to Assessed Valuation		Net Debt Per Capita	Debt Service to Total Expenditures
	GSD+USD	USD only		
2002	7.50%	1.08%	1,721.58	9.4%
2003	6.94%	0.94%	1,634.61	10.0%
2004	7.49%	1.06%	1,730.99	9.8%
2005	8.46%	1.10%	1,992.91	9.4%
2006	9.76%	1.16%	2,629.23	9.8%
2007	8.97%	1.15%	2,475.02	10.0%
2008	10.23%	1.36%	2,681.96	10.0%
2009	9.35%	1.25%	2,450.19	10.0%
2010	9.77%	1.16%	2,954.43	9.5%
2011	9.64%	1.14%	2,954.26	8.8%
2012	9.88%	1.31%	2,971.28	5.2%
2013	11.62%	1.41%	3,433.01	6.6%
2014	10.92%	1.32%	3,349.79	9.2%
2015	11.32%	1.25%	3,451.98	9.8%

Source: Comprehensive Annual Financial Reports for each year

90 Debt Service Funds-At a Glance

Recent Bond Issues						
Issue	**Date Issued**	**Amount & interest rate**	**Maturity**	**Ratings ***	**Fund ***	**Comments ***
GO Public Improvement Refunding Bonds, Series 2004	09/01/04	$51,340,000 3.000-5.000%	2004 to 2017	M: Aa2 S: AA F: AA+	G S	Advance refund portions of outstanding GO MP Improvement Bonds, Series 1996A
General Obligation Multi-Purpose Bonds, Series 2005A	05/05/05	$150,275,000 4.250-5.000%	2005 to 2025	M: Aa2 S: AA F: AA+	G U S	Finance the retirement of a portion of the General Obligation Bond Anticipation Notes (commercial paper). Bonds maturing in 2016-2025 are MBIA-Insured.
General Obligation Multi-Purpose Refunding Bonds, Series 2005B	05/05/05	$190,460,000 4.000-5.000%	2005 to 2025	M: Aa2 S: AA F: AA+	G U S	Advance refund portions of out-standing bonds: GO MP Series 1997A, GO MP Series 1999, Gen. Improvement and Refunding, Series 2001A B, and GO MP Series 2003. Finance the retirement of a portion of the G O Anticipation Notes (Commercial Paper), and general government projects.
General Obligation Refunding Bonds, Series 2006A	05/11/06	$60,805,000 3.60%	2006 to 2026	M: Aa2/VMIG1 S: AA/A-1 F:AA+/F1+	G	Current Refund of outstanding general obligation public improvement bonds, Series 1996 held in interest rate hedging agreement. Finance the retirement of a portion of the G O Anticipation Notes (Commercial Paper), and general government projects.
General Obligation Bonds, Series 2006B	06/23/06	$203,315,000 4.00-5.00%	2006 to 2026	M: Aa S: AA F: AA+	G U S	Finance the retirement of a portion of the G O Anticipation Notes (Commercial Paper), and general government projects.
General Obligation Refunding Bonds, Series 2007A	04/24/07	$186,890,000 4.00%-5.00%	2008 to 2028	M: Aa2 S: AA F: AA	G U S	Current and Advance refund portions of outstanding bonds: GO Bonds Series 2003, GO MP & Refunding Series 1999, Series 1997A and GO Refunding Series 1997
Water and Sewer Revenue Refunding Bonds, Series 2007	07/17/07	$36,240,000 4.25%-5.00%	2009 to 2016	M: Aaa S: AAA	--	Non-GO. Current refund of W&S Revenue Bonds, Series 1986 ($13,390,000) maturing in 2016 and W&S Revenue Refunding Bonds, Series 1996 ($23,925,000) maturing 2009-2014.
Water and Sewer Revenue Refunding Bonds, Series 2008A	02/22/08	$122,530,000 3.25%-5.25%	2011 to 2022	M: Aa3 S: AA- F: AA-	--	Non-GO. Current refund of W&S Revenue Refunding Bonds, Series 1998A ($127,775,000) maturing in 2011-2019, and W&S Revenue Bonds, Series 1998B ($785,000) maturing 2011-2012.
General Obligation Bonds, Series 2008A	03/4/08	$308,000,000 4.00-5.00%	2011 to 2028	M: Aa2 S: AA F: AA	G U S	Finance the retirement of a portion of the General Obligation Anticipation Notes (Commercial Paper), and general government projects.

90 Debt Service Funds-At a Glance

Recent Bond Issues						
Issue	**Date Issued**	**Amount & interest rate**	**Maturity**	**Ratings ***	**Fund ***	**Comments ***
General Obligation Improvement and Refunding Bonds, Series 2010A	06/10/10	$296,750,000 2.75 - 5.00%	2010 to 2026	M: Aa1 S: AA	G U S	Finance the retirement of a portion of the G.O Anticipation Notes (Commercial Paper), and advance refund portions of out-standing bonds.
General Obligation Improvement Bonds Federally Taxable (BAB's), Series 2010B	06/10/10	$252,005,000 5.71%	2010 to 2034	M: Aa1 S: AA	G U S	Finance the retirement of a portion of the General Obligation Anticipation Notes (Commercial Paper), and general government projects.
General Obligation Refunding Bonds Federally Taxable (BAB's), Series 2010C	06/10/10	$51,485,000 2.21 – 3.23%	2010 to 2015	M: Aa1 S: AA	G U S	Advance refund portions of out-standing bonds.
General Obligation Refunding Bonds, Series 2010D	09/21/10	$291,360,000 1.50 – 5.00%	2010 to 2024	M: Aa1 S:AA	G U S	Advance refund portions of out-standing bonds.
Water and Sewer Revenue Refunding Bonds, Series 2010A	12/9/10	$104,050,000 3.00 – 5.00%	2010 to 2027	M: Aa3 S: AA	--	Non-GO. Advance refund portions of outstanding W&S Revenue Refunding Bonds.
Water and Sewer Revenue Bonds Federally Taxable, Series 2010B (BAB-Direct Payment)	12/9/10	$135,000,000 6.39 – 6.57%	2010 to 2037	M: Aa3 S: AA	--	Finance the retirement of currently outstanding W&S Commercial Paper Bond Anticipation Notes and finance additional capital projects.
Water and Sewer Revenue Bonds Federally Taxable Series 2010C (Recovery Zone Economic Dev. Bonds)	12/9/10	$75,000,000 6.69%	2010 to 2041	M: Aa3 S: AA	--	Finance Water system capital projects.
Water and Sewer Revenue Refunding Bonds Federally Taxable Series 2010D	12/9/10	$7,610,000	2010 to 2018	M: Aa3 S: AA	--	Non-GO. Advance refund portions of outstanding W&S Revenue Refunding Bonds.
General Obligation Refunding Bonds, Series 2011	09/29/11	$89,480,000 2.00 – 5.00%	2011 to 2023	M: Aa1 S: AA	G U S	Advance refund portions of out-standing bonds.
General Obligation Refunding Bonds, Series 2012	02/02/12	$227,110,000 2.00 - 5.00%	2012 to 2025	M: Aa1 S: AA	G U S	Advance refund portions of out-standing bonds.
Water and Sewer Revenue Refunding Bonds, Series 2012	02/02/12	$129,625,000 1.00 – 5.00%	2012 to 2023	M: A1 S: A+	--	Non-GO. Advance refund portions of outstanding W&S Revenue Refunding Bonds.
General Obligation Improvement Bonds Federally Taxable, Series 2012	08/15/12	$6,440,000 3.367%	2027	M: Aa1 S: AA	G	Finance the costs of certain public projects of the Metropolitan Government for qualified energy conservation improvements.
District Energy System Revenue and Tax Refunding Bonds, Series 2012A	08/15/12	$47,450,000 2.00 – 5.00%	2013 To 2033	M: Aa1 S: AA	U	Advance refund of outstanding Energy Production Facility Revenue Bonds.
General Obligation Refunding Bonds, Series 2012B	08/15/12	$140,345,000 .320 – 2.76%	2013 To 2024	M: Aa1 S: AA	G U S	Advance refund of portions of outstanding bonds.

90 Debt Service Funds-At a Glance

Recent Bond Issues						
Issue	**Date Issued**	**Amount & interest rate**	**Maturity**	**Ratings ***	**Fund ***	**Comments ***
General Obligation Refunding Bonds, Series 2013	02/21/13	$245,485,000 2.00 – 5.00%	2015 To 2027	M: Aa1 S: AA	G U S	Advance refund of portions of outstanding bonds.
Water and Sewer Revenue Bonds, Series 2013	04/25/13	$237,930,000 3.00 – 5.00%	2022 To 2033	M: Aa3 S: AA-	–	Retire outstanding Water and Sewer commercial paper and to fund a debt reserve fund.
General Obligation Improvement Bonds, Series 2013A	05/09/13	$374,665,000 3.00 – 5.00%	2020 To 2033	M: Aa1 S: AA	G U S	Retire outstanding General Obligation Commercial paper, and to finance capital projects.
General Obligation Extendable Commercial Paper Notes 2014 Program	07/09/14	Up to $200,000,000 Market rates	Up to 90 days issue with option to extend up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.
General Obligation Commercial Paper Series A-1	07/09/14	Up to $300,000,000 Market rates	Up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.
General Obligation Commercial Paper Series A-2	07/09/14	Up to $200,000,000 Market rates	Up to 270 days after issue	M: P-1 S: A-1+	G U S	Provide interim financing of various capital projects and to refinance existing general obligation commercial paper notes.
General Obligation Refunding Bonds, Series 2015A	02/19/15	$59,730,000 5%	2021 To 2026	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds.
General Obligation Refunding Bonds, Series 2015B (Taxable)	02/19/15	$103,980,000 .300 – 3.493%	2015 To 2029	M: Aa2 S: AA	G U S	Advance refund of portions of outstanding bonds
Water and Sewer Extendable Commercial Paper Notes, 2015 Program	04/15/15	Up to $100,000,000 Market Rate	Up to 90 days issue with option to extend up to 270 days after issue	M: P-1 S: A-1+	–	Provide interim financing of various capital projects and refinance existing projects as relate to Water and Sewer prior to the issuing of bonds.
General Obligation Improvement Bonds, Series 2015C	07/21/15	$347,235,000 4.00 – 5.00%	2017 To 2034	M: Aa2 S: AA	G U S	Retire outstanding General Obligation Commercial Paper Notes.
Water and Sewer Revenue Commercial Paper Notes, Series A	10/06/15	Up to $183,000,000 Market Rate	Up to 270 days after Issue	M: P-1 S: A-1+	–	Provide interim financing of various capital projects and refinance existing projects as relate to Water and Sewer prior to the issuing of bonds.

* **Ratings:** M = Moody's, S = Standard & Poor's, F = Fitch, I = Insured (see text). Maturity dates are underlined.
Fund: This code shows the debt service fund(s) used to repay this issue. G = GSD, U = USD, S = Schools.
Comments: Non-GO = Not a general obligation debt, but included in this table for completeness.

90 Debt Service Funds-At a Glance

	Bonds and Notes Payable at June 30, 2015					
GENERAL OBLIGATION BONDS PAYABLE					June 30, 2015	
General Services District (GSD)	**Interest Rate**	**Date of Issue**	**Date of Final Maturity**	**Amount of Issue**	**Principal**	**Interest**
GSD G.O Pub Impr. Refunding Bonds, Series 2004	3.250 - 5.00	Sept. 1, 2004	Nov. 14, 2016	48,367,055	13,203,432	668,297
GSD G.O. Multi-Purpose Bonds, Series 2005A	4.250 - 5.25	May 1, 2005	Jan. 1, 2025	49,817,419	2,414,389	120,717
GSD G.O. MP Refunding Bonds, Series 2005B	4.125 - 5.00	May 1, 2005	Jan. 1, 2020	108,212,477	17,392,244	870,127
GSD G.O. Bonds, Series 2006B	4.00 - 5.00	Jun.15, 2006	Feb. 1, 2026	113,783,394	10,465,285	448,862
GSD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007	May 15, 2030	125,908,003	13,161,393	1,306,257
GSD G.O. Bonds, Series 2008A	4.00 - 5.00	Mar. 15, 2008	Jan. 1, 2028	174,880,073	11,787,370	1,768,107
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	Jun.10, 2010	July 1, 2026	159,008,728	123,714,158	26,924,280
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	July 1, 2034	138,046,756	138,046,756	125,505,301
GSD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	Jun.10, 2010	July 1, 2015	25,653,536	6,279,334	101,414
GSD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	144,150,016	120,196,747	26,836,240
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	49,712,377	42,252,843	11,534,623
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	154,956,701	153,418,119	51,055,777
GSD G.O. Improvement Bonds (QECB Federally Taxable), Series 2012	3.367	Aug. 15, 2012	Aug. 1 2027	6,440,000	6,440,000	2,710,435
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	67,480,283	65,001,671	8,624,056
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	138,755,487	138,755,487	62,895,529
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	253,070,885	253,070,885	162,680,475
GSD G.O. Improvement Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	33,884,829	33,884,829	14,512,130
GSD G.O. Improvement Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	72,314,470	72,314,470	13,588,296
Total General Obligation Bonds Payable For General Purposes				1,864,442,489	1,221,799,412	512,150,923
For School Purposes:						
GSD G.O Pub Impr. Refunding Bonds, Series 2004	3.250 - 5.00	Sept. 1, 2004	Nov. 14, 2016	2,972,945	811,568	41,078
GSD G.O. Multi-Purpose Bonds, Series 2005A	4.250 - 5.25	May 1, 2005	Jan. 1, 2025	79,503,345	3,853,111	192,649
GSD G.O. MP Refunding Bonds, Series 2005B	4.125 - 5.00	May 1, 2005	Jan. 1, 2020	76,238,996	12,106,820	604,827
GSD G.O. Bonds, Series 2006B	4.00 - 5.00	Jun.15, 2006	Feb. 1, 2026	69,160,188	6,361,044	272,872
GSD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007	May 15, 2030	58,421,307	5,558,551	546,257
GSD G.O. Bonds, Series 2008A	4.00 - 5.00	Mar. 15, 2008	Jan. 1, 2028	95,095,340	6,409,673	961,451
GSD G. O Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	Jun.10, 2010	July 1, 2026	114,567,598	90,813,911	18,993,981
GSD G. O Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	July 1, 2034	70,516,649	70,516,649	64,110,257
GSD G. O Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	Jun.10, 2010	July 1, 2015	20,052,863	4,908,430	79,272
GSD G. O Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	120,126,326	100,165,056	22,363,777
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	32,574,740	27,479,274	7,142,806
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	53,280,200	52,751,175	17,554,982
GSD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	62,161,564	59,878,313	7,944,319
GSD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	82,814,365	82,814,365	37,538,360
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	84,932,213	84,932,213	54,596,611
GSD G.O. Improvement Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	22,804,914	22,804,914	9,766,845
GSD G.O. Improvement Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	30,240,838	30,240,838	5,682,424
Total General Obligation Bonds Payable for School Purposes				1,075,464,391	662,405,905	248,392,768

90 Debt Service Funds-At a Glance

GENERAL OBLIGATION BONDS PAYABLE Urban Services District (USD)	Bonds and Notes Payable at June 30, 2015					
					June 30, 2015	
	Interest Rate	Date of Issue	Date of Final Maturity	Amount of Issue	Principal	Interest
USD G.O. Multi-Purpose Bonds, Series 2005A	4.250 - 5.25	May 1, 2005	Jan. 1, 2025	13,979,236	677,500	33,874
USD G.O. MP Refunding Bonds, Series 2005B	4.125 - 5.00	May 1, 2005	Jan. 1, 2020	6,008,527	960,936	48,046
USD G.O. Bonds, Series 2006B	4.00 - 5.00	Jun.15, 2006	Feb. 1, 2026	20,371,418	1,873,671	80,366
USD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007	May 15, 2030	2,560,690	260,056	25,735
USD G.O. Bonds, Series 2008A	4.00 - 5.00	Mar. 15, 2008	Jan. 1, 2028	38,024,587	2,562,957	384,443
USD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	Jun.10, 2010	July 1, 2026	22,899,473	19,732,730	3,414,252
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	Jun.10, 2010	July 1, 2034	43,441,595	43,441,595	39,494,954
USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	Jun.10, 2010	July 1, 2015	5,488,045	1,343,335	21,696
USD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	25,925,413	21,617,414	4,826,504
USD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	6,688,796	6,688,796	1,979,606
USD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 20, 2012	July 1, 2025	18,873,099	18,685,706	6,218,387
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	7,471,610	7,197,170	954,880
USD G.O. Refunding Bonds, Series 2013	3.00 - 5.00	Feb. 21, 2012	July 1, 2027	23,915,148	23,915,148	10,840,336
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	30,135,613	30,135,613	19,371,947
USD G.O. Improvement Bonds, Series 2015A	5.00	Feb. 19, 2015	July 1, 2026	3,040,257	3,040,257	1,302,075
USD G.O. Improvement Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015	July 1, 2029	1,424,692	1,424,692	267,708
Total General Obligation Bonds Payable (governmental activities)				270,248,199	183,557,576	89,264,809
USD G.O. Multi-purpose Bonds, Series 2005A (District Energy System) (1)	4.250 - 5.25	May 1, 2005	Jan. 1, 2025	7,695,000	390,000	19,513
USD G.O. Improvement & Refunding Bonds, Series 2010A (1)	2.21 - 5.71	Jun.10, 2010	July 1, 2034	274,201	274,201	39,472
USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C (1)	2.21 - 3.23	Jun.10, 2010	July 1, 2015	290,556	118,901	1,921
USD G.O. Refunding Bonds, Series 2010D (DES)	1.50 - 5.00	Sept. 21, 2010	July 1, 2024	1,158,245	965,783	215,628
USD G.O. Refunding Bonds, Series 2011 (DES)	2.00 - 5.00	Sept. 16, 2011	July 1, 2023	504,087	504,087	195,591
District Energy System Revenue Refunding Bonds, Series 2012A	2.000 - 5.000	Aug. 15, 2012	Oct. 1, 2033	47,450,000	44,435,000	21,174,975
USD G.O. Refunding Bonds (Taxable), Series 2012B	.320 - 2.767	Aug. 15, 2012	July 1, 2024	3,231,543	3,112,846	412,995
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013	Jan. 1, 2033	6,526,289	6,526,289	4,195,268
Total General Obligation Bonds Payable (business-type activities)				67,129,921	56,327,107	26,255,363
Total General Obligation Bonds Payable - Urban Services District				337,378,120	239,884,683	115,520,172
REVENUE BONDS PAYABLE						
Dept of Water and Sewerage Rev. Refunding Bonds of 2007	4.25 - 5.00	Jul. 15, 2007	Jan. 1, 2016	36,240,000	2,460,000	104,550
Dept of Water and Sewerage Rev. Refunding Bonds of 2008A	3.250 - 5.250	Feb. 15, 2008	Jan. 1, 2022	122,530,000	96,190,000	20,698,050
Dept of Water and Sewerage Rev. Refunding Bonds, Series 2010A	3.00 - 5.00	Dec. 9, 2010	Jul. 1, 2027	104,050,000	88,490,000	29,899,325
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Series 2010B(BABs)	6.393 - 6.568	Dec. 9, 2010	Jul. 1, 2037	135,000,000	135,000,000	157,026,464
Dept of Water and Sewerage Rev. Bonds Federally Taxable, Seies 2010C	6.693	Dec. 9, 2010	Jul. 1, 2041	75,000,000	75,000,000	124,813,406
Dept of Water and Sewerage Rev. Refunding Bonds, Federally Taxable Series 2010D	4.255 - 4.791	Dec. 9, 2010	Jul. 1, 2018	7,610,000	7,610,000	870,210
Dept of Water and Sewerage Rev. Refunding Bonds, Series 2012	2.00 - 5.00	Jan. 2, 2012	Jul. 1, 2025	129,625,000	122,505,000	28,457,625
Dept of Water and Sewerage Revenue Bonds, Series 2013	1.89 - 5.00	Apr. 25, 2013	Jul. 1, 2033	237,930,000	237,930,000	220,558,625
Total Revenue Bonds Payable - Department of Water and Sewerage				847,985,000	765,185,000	582,428,255
Total Revenue Bonds Payable - Urban Services District				847,985,000	765,185,000	582,428,255
Total Bonds Payable - Urban Services District				1,185,363,120	1,005,069,683	697,948,427

90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/15

General Obligation Debt (Debt Service Funds)

Fiscal	GSD Debt Service			GSD School Debt Service		
Year	Principal	Interest	Total	Principal	Interest	Total
2016	63,187,260	55,029,070	118,216,330	41,601,306	29,107,720	70,709,026
2017	66,845,579	52,240,923	119,086,502	46,302,391	27,139,669	73,442,060
2018	65,790,044	49,769,241	115,559,285	47,168,640	25,414,567	72,583,207
2019	70,168,163	46,664,286	116,832,449	48,768,330	23,315,831	72,084,161
2020	76,182,364	43,903,951	120,086,315	42,040,500	21,571,541	63,612,041
2021	79,513,512	40,742,743	120,256,255	43,587,323	19,816,701	63,404,024
2022	80,071,420	37,095,356	117,166,776	44,678,237	17,817,568	62,495,805
2023	88,267,715	33,269,689	121,537,404	43,178,226	15,822,169	59,000,395
2024	88,055,122	29,416,527	117,471,649	51,176,111	13,805,918	64,982,029
2025	88,576,735	25,580,256	114,156,991	48,745,716	11,722,686	60,468,402
2026	77,496,105	21,768,688	99,264,793	40,435,081	9,725,609	50,160,690
2027	66,763,226	18,328,555	85,091,781	33,512,192	7,952,576	41,464,768
2028	67,211,144	15,078,132	82,289,276	28,647,294	6,411,398	35,058,692
2029	39,611,135	12,448,943	52,060,078	16,109,071	5,276,131	21,385,202
2030	41,367,411	10,388,977	51,756,388	16,804,332	4,426,309	21,230,641
2031	40,282,057	8,287,610	48,569,667	16,308,556	3,560,706	19,869,262
2032	42,103,195	6,143,670	48,246,865	17,025,799	2,678,954	19,704,753
2033	44,013,153	3,903,687	47,916,840	17,777,169	1,758,796	19,535,965
2034	17,808,774	1,563,129	19,371,903	9,097,027	798,473	9,895,500
2035	18,485,298	527,490	19,012,788	9,442,604	269,446	9,712,050
Total	**1,221,799,412**	**512,150,923**	**1,733,950,335**	**662,405,905**	**248,392,768**	**910,798,673**

90 Debt Service Funds-At a Glance

Future Debt Service Requirements for Debt Outstanding at 06/30/15

General Obligation Debt (Debt Service Funds)

Fiscal Year	Water Service (USD)			USD Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2016	20,275,000	40,175,458	60,450,458	12,464,275	11,666,057	24,130,332
2017	28,795,000	39,028,808	67,823,808	9,381,434	11,171,216	20,552,650
2018	37,475,000	37,476,030	74,951,030	11,567,030	10,736,465	22,303,495
2019	38,225,000	35,654,524	73,879,524	13,576,316	10,284,968	23,861,284
2020	39,120,000	33,743,634	72,863,634	13,313,507	9,652,257	22,965,764
2021	40,180,000	31,823,496	72,003,496	11,657,136	9,143,464	20,800,600
2022	40,985,000	29,812,021	70,797,021	12,209,165	8,628,063	20,837,228
2023	31,780,000	27,663,509	59,443,509	12,380,343	8,032,069	20,412,412
2024	22,235,000	26,448,384	48,683,384	13,109,059	7,431,099	20,540,158
2025	15,945,000	25,539,009	41,484,009	14,788,767	6,814,397	21,603,164
2026	16,720,000	24,747,784	41,467,784	14,657,549	6,169,108	20,826,657
2027	17,545,000	23,901,434	41,446,434	13,148,814	5,519,122	18,667,936
2028	18,430,000	22,945,607	41,375,607	14,149,582	4,860,048	19,009,630
2029	19,185,000	21,945,278	41,130,278	13,746,562	4,174,017	17,920,579
2030	19,990,000	20,883,312	40,873,312	10,594,794	3,564,721	14,159,515
2031	20,905,000	19,699,453	40,604,453	11,043,257	3,022,573	14,065,830
2032	21,860,000	18,451,344	40,311,344	11,449,387	2,458,661	13,908,048
2033	22,880,000	17,135,511	40,015,511	11,931,006	1,872,133	13,803,139
2034	23,940,000	15,759,250	39,699,250	12,444,678	1,245,031	13,689,709
2035	25,055,000	14,319,833	39,374,833	8,919,199	574,772	9,493,971
2036	26,220,000	12,814,244	39,034,244	5,817,098	165,988	5,983,086
2037	27,445,000	11,239,340	38,684,340			
2038	28,720,000	9,588,611	38,308,611			
2039	30,025,000	7,852,927	37,877,927			
2040	31,330,000	6,034,798	37,364,798			
2041	32,680,000	4,145,639	36,825,639			
2042	34,015,000	2,256,719	36,271,719			
2043	16,280,000	1,003,400	17,283,400			
2044	16,945,000	338,898	17,283,898			
Total	**765,185,000**	**582,428,255**	**1,347,613,255**	**239,884,683**	**115,520,172**	**355,404,855**

90 Debt Service Funds-At a Glance

Highlights from the Metropolitan Government of Nashville and Davidson County's Debt Management Policy

The purpose of the Policy is to establish and document the objectives and practices for debt management for the Metropolitan Government and to assist all concerned parties in understanding the Metropolitan Government's approach to debt management.

Policy Statement

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

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

Goals & Objectives

Debt policies and procedures are tools that ensure that financial resources are adequate to meet the Metropolitan Government's long-term financing objectives. In addition, the Policy helps to ensure that financings undertaken by the Metropolitan Government satisfy certain clear objective standards which allow the Metropolitan Government to protect its financial resources in order to meet its short-term financing and long-term capital needs. The adoption of clear and comprehensive financial policies enhances the internal financial management of the Metropolitan Government.

Issuance Process

The Metropolitan Government charter, which was approved by referendum on June 28, 1962, as amended, and Title 9, Chapter 21 of the Tennessee Code Annotated authorizes the Metropolitan Government to issue general obligation bonds subject to the adoption of a bond resolution by the Metropolitan Council. Other sections of the Tennessee Code Annotated and the Federal Tax Code may govern the issuance or structure of the Metropolitan Government's bonds.

The Metropolitan Government strongly prefers a competitive issuance process for all debt issuances. The Metropolitan Government will consider a negotiated issuance or private placement process only where it is clear that such process is in the best interests of the Metropolitan Government.

Credit Quality and Credit Enhancement

The Metropolitan Government's debt management activities will be conducted to receive the highest credit ratings possible, consistent with the Metropolitan Government's financing objectives. The Director of Finance will be responsible for maintaining relationships and communicating with the rating agencies that assign ratings to the Metropolitan Government's debt. The Director of Finance will provide the rating agencies with periodic updates of the general financial condition of the Metropolitan Government. Full disclosure of operations and open lines of communication shall be maintained with the rating agencies. The Metropolitan Government, together with the Financial Advisor, shall prepare presentations to the rating agencies to assist credit analysts in making an informed decision. The Director of Finance shall be responsible for determining whether or not a rating shall be requested on a particular financing, and which of the major rating agencies will be asked to provide such rating.

The Metropolitan Government will make an annual credit presentation to the Metropolitan Council, explaining the Metropolitan Government's current rating, rating agency views on the Metropolitan Government's performance and current items which may positively or adversely affect the Metropolitan Government's credit rating.

The Metropolitan Government will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when clearly demonstrable savings can be shown shall an enhancement be considered.

Debt Affordability

It is the intent of the Metropolitan Government to promote the most efficient and cost-effective use of debt financing in order to facilitate long-term access to capital while ensuring that financial leveraging decisions do not negatively impact the Metropolitan Government's annual operations. To this end, the government will periodically review basic measures of debt affordability, including but not limited to, average life of new debt, percentage of principal paid within 10 years, per capita debt/per capita income, per capita debt/per capita assessed value, and debt service/general fund operating expenses.

Bond Structure

The Metropolitan Government shall establish all terms and conditions relating to the issuance of bonds, and will invest all bond proceeds pursuant to the terms of the Metropolitan Government's Investment Policy. Unless otherwise authorized by the Metropolitan Government, the following shall serve as bond requirements:

1. **Term**. Capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements with a maximum of twenty (20) years. In certain circumstances where the debt meets legal requirements and is in the best interest of the Metropolitan Government this period by be extended to a maximum of thirty (30) years.

2. **Capitalized Interest**. From time to time certain financings may require the use of capitalized interest from the issuance date until the Metropolitan Government has beneficial use and/or occupancy of the financed project. Interest shall not be funded (capitalized) beyond three (3) years or a shorter period if further restricted by statute. Interest earnings may, at the Metropolitan Government's discretion, be applied to extend the term of capitalized interest but in no event beyond the term statutorily authorized or three years, whichever is shorter.

3. **Debt Service Structure**. Debt issuance shall be planned to achieve relatively level debt service for an individual bond issue, while still matching debt service to the useful life of the capital asset financed by the debt. The Metropolitan Government shall avoid the use of bullet or balloon maturities except in those instances where these maturities serve to make existing overall debt service level or match a specific income stream.

4. **Call Provisions**. In general, the Metropolitan Government's securities will include a call feature, which is no later than ten (10) years from the date of delivery of the bonds. The Metropolitan Government will avoid the sale of long-term non-callable bonds absent careful evaluation by the Metropolitan Government with respect to the value of the call option.

5. **Original Issuance Discount/Premium**. Bonds with original issuance discount/premium will be permitted.

6. **Deep Discount Bonds**. Deep discount bonds may provide a lower cost of borrowing in certain markets. The Metropolitan Government will carefully consider their value and effect on any future refinancing as a result of the lower-than-market coupon.

7. **Synthetic Debt.** The Metropolitan Government will consider the limited use of swaps, derivatives and other forms of synthetic debt as a hedge against future interest rate risk when appropriate and in accordance with state guidelines. The Metropolitan Government will not use structured products for speculative purposes. The Metropolitan Government will consider the use of structured products when it is able to gain a comparative borrowing advantage and is able to quantify and understand the potential risks or to achieve fixed and/or variable rate exposure targets.

Types of Debt

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

Structure

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

2. **Revenue Bonds.** The Metropolitan Government may issue revenue bonds, where repayment of the bonds will be made through revenues generated from other sources. Revenue bonds will typically be issued for capital projects which can be supported from project or enterprise-related revenues.

Duration

1. **Long-Term Debt.** The Metropolitan Government may issue long-term debt where it is deemed that capital improvements should not be financed from current revenues or short-term borrowings. Long-term borrowing will not be used to finance current operations or normal maintenance. Long-term debt will be self-supporting and structured such that financial obligations do not exceed the expected useful life of the project.

2. **Short-Term Debt.** Short-term borrowing may be utilized for construction financing, the temporary funding of operational cash flow deficits or anticipated revenues (defined as an assured source with the anticipated amount based on conservative estimates) subject to the following policies:

   a) *Bond Anticipation Notes (BANs)* in the form of Commercial Paper shall be used only for the purpose of providing financing for the cost of all or any of the public purposes for which Bonds have been authorized and for the payment of principal of outstanding commercial paper.

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

   c) *Lines of Credit* shall be considered as an alternative to other short-term borrowing options. The lines of credit shall be structured to limit concerns as to the Internal Revenue Code.

   d) *Other Short-Term Debt* may be used when it provides an interest rate advantage or as interim financing until market conditions are more favorable. The Metropolitan Government will determine and utilize the least costly method for short-term borrowing. The Metropolitan Government may issue short-term debt when there is a defined repayment source or amortization of principal.

90 Debt Service Funds-At a Glance

Refinancing Outstanding Debt

The Director of Finance for the Metropolitan Government, with assistance from the Metropolitan Government's Financial Advisor, shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The Metropolitan Government will consider the following issues when analyzing possible refunding opportunities:

1. **Debt Service Savings**. The Metropolitan Government establishes a minimum present value savings threshold of 3.5% of the refunded bond principal amount. The present value savings will be net of all costs related to the refinancing. If present value savings is less than 3.5%, the Metropolitan Government may consider the option value captured as a percent of total savings. If the option value exceeds 70% and present value savings is less than 3.5%, the Metropolitan Government may opt to complete a refunding. The decision to take savings on an upfront or deferred basis must be explicitly approved by the Metropolitan Government.

2. **Restructuring**. The Metropolitan Government will refund debt when it is in the best financial interest of the Metropolitan Government to do so. Such refunding will be limited to restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, release reserve funds or remove unduly restrictive bond covenants.

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

4. **Escrow Structuring**. The Metropolitan Government shall utilize the least costly securities available in structuring refunding escrows. A certificate will be provided by a third party agent, who is not a broker-dealer stating that the securities were procured through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Obligations (SLGS), and that the price paid for the securities was reasonable within Federal guidelines. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Metropolitan Government from its own account.

5. **Arbitrage**. The Metropolitan Government shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding.