# 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

<table>
<thead>
<tr>
<th>Budget Summary</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures and Transfers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Funds</td>
<td>$175,079,200</td>
<td>$173,216,100</td>
<td>$137,874,100</td>
</tr>
<tr>
<td>Total Expenditures and Transfers</td>
<td>$175,079,200</td>
<td>$173,216,100</td>
<td>$137,874,100</td>
</tr>
<tr>
<td>Revenues and Transfers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges, Commissions, and Fees</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other Governments and Agencies</td>
<td>$2,100,000</td>
<td>$2,185,000</td>
<td>$1,350,800</td>
</tr>
<tr>
<td>Other Program Revenue</td>
<td>2,694,000</td>
<td>1,310,000</td>
<td>$0</td>
</tr>
<tr>
<td>Total Program Revenue</td>
<td>$4,794,000</td>
<td>$3,495,000</td>
<td>$1,350,800</td>
</tr>
<tr>
<td>Non-program Revenue</td>
<td>141,015,500</td>
<td>138,710,400</td>
<td>126,710,000</td>
</tr>
<tr>
<td>Transfers From Other Funds and Units</td>
<td>17,138,900</td>
<td>31,010,700</td>
<td>9,813,300</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$162,948,400</td>
<td>$173,216,100</td>
<td>$137,874,100</td>
</tr>
<tr>
<td>Expenditures Per Capita</td>
<td>$278.25</td>
<td>$275.29</td>
<td>$219.12</td>
</tr>
</tbody>
</table>

**Positions**
Total Budgeted Positions

**Contacts**
Director of Finance: Richard Riebeling
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Capital Improvements Budget:
Richard Bernhardt, Planning Commission
Phone: 862-7173  FAX: 862-7209
Email: richard.bernhardt@nashville.gov

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

## Debt Service Expenditures by District & Fund

<table>
<thead>
<tr>
<th>Source Description</th>
<th>FY 2009 Budget</th>
<th>FY 2009 Actual</th>
<th>FY 2010 Budget</th>
<th>FY 2011 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSD - General Services District</td>
<td>97,556,100</td>
<td>93,829,400</td>
<td>97,218,400</td>
<td>90,029,800</td>
</tr>
<tr>
<td>20115 GSD Debt Service</td>
<td>60,426,200</td>
<td>58,658,300</td>
<td>58,169,200</td>
<td>32,417,300</td>
</tr>
<tr>
<td>Total GSD</td>
<td>157,982,300</td>
<td>152,487,700</td>
<td>155,387,600</td>
<td>122,447,100</td>
</tr>
</tbody>
</table>

| USD - Urban Services District | 17,096,900   | 16,333,500  | 17,828,500  | 15,427,000  |
| Total USD                    | 17,096,900   | 16,333,500  | 17,828,500  | 15,427,000  |

Total General Obligation Debt Service – GSD+USD
175,079,200 168,821,200 173,216,100 137,874,100
90 Debt Service Funds—At a Glance

Budget Highlights FY 2011
The recommended budget services outstanding debt issues in addition to projects recommended in the FY 2011 capital plan based on the current tax rate. Currently, Metro has approximately $581,303,000 in un-issued general obligation bonds authorized for capital plans in Fiscal Years 2000 through 2010 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 as **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 5 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 refinanced 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 all three independent rating agencies (Moody’s Aa2, Standard & Poor’s AA, and Fitch 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 three 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 by bid in public offering; the sale is awarded to the bidder with the lowest true interest cost.

- 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.
<table>
<thead>
<tr>
<th>Issue</th>
<th>Date Issued</th>
<th>Amount &amp; interest rate</th>
<th>Maturation</th>
<th>Ratings</th>
<th>Fund</th>
<th>Comments *</th>
</tr>
</thead>
<tbody>
<tr>
<td>GO Public Improvement and Refunding Bonds, Series 1999</td>
<td>5/15/99</td>
<td>$187,500,000 - 4,000-5.250%</td>
<td>1999 to 2029</td>
<td>S: AA</td>
<td>S</td>
<td>Libraries, streets, drainage, arts, parks, safety, courtrooms, and animal control. Also advance refund of GO MP Improvement Bonds of 1977 ($3,300,000) &amp; of 1979 ($3,915,000).</td>
</tr>
<tr>
<td>GO Energy Production Facility Refunding Bonds, Series 2002B</td>
<td>4/01/02</td>
<td>$27,000,000 - 3,000-6.000%</td>
<td>2002 to 2012</td>
<td>M: Aa2</td>
<td>S: AA</td>
<td>--</td>
</tr>
<tr>
<td>GO Multi-Purpose Bonds, Series 2003</td>
<td>10/1/03</td>
<td>$122,100,000 - 2,000-5.000%</td>
<td>2005 to 2023</td>
<td>M: Aaa</td>
<td>S: AA</td>
<td>Finance the retirement of a portion of the GO TAN commercial paper. Bonds maturing in 2022-2023 are FGIC-insured.</td>
</tr>
</tbody>
</table>
# 90 Debt Service Funds-At a Glance

<table>
<thead>
<tr>
<th>Recent Bond Issues</th>
<th>Date Issued</th>
<th>Amount &amp; interest rate</th>
<th>Maturity</th>
<th>Ratings *</th>
<th>Fund *</th>
<th>Comments *</th>
</tr>
</thead>
<tbody>
<tr>
<td>GO Multi-Purpose Bonds, Series 2004</td>
<td>12/15/04</td>
<td>$65,755,000 4.000-5.250%</td>
<td>2007 to 2024</td>
<td>M: Aa2</td>
<td>GUS</td>
<td>Finance the retirement of a portion of the GO TAN commercial paper.</td>
</tr>
<tr>
<td>General Obligation Public Improvement Refunding Bonds, Series 2004</td>
<td>09/01/04</td>
<td>$51,340,000 3.000-5.000%</td>
<td>2004 to 2017</td>
<td>M: Aa2</td>
<td>GUS</td>
<td>Advance refund portions of outstanding GO MP Improvement Bonds, Series 1996A</td>
</tr>
<tr>
<td>General Obligation Multi-Purpose Bonds, Series 2005A</td>
<td>05/05/05</td>
<td>$150,275,000 4.250-5.000%</td>
<td>2005 to 2025</td>
<td>M: Aa2</td>
<td>GUS</td>
<td>Finance the retirement of a portion of the General Obligation Bond</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>S: AA</td>
<td></td>
<td>Anticipation Notes (commercial paper). Bonds maturing in 2016-2025 are</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F: AA+</td>
<td></td>
<td>MBIA-Insured.</td>
</tr>
<tr>
<td>General Obligation Multi-Purpose Refunding Bonds, Series 2005B</td>
<td>05/05/05</td>
<td>$190,460,000 4.000-5.000%</td>
<td>2005 to 2025</td>
<td>M: Aa2</td>
<td>GUS</td>
<td>Advance refund portions of outstanding bonds: GO MP Series 1997A, GO MP</td>
</tr>
<tr>
<td>General Obligation Bonds, Series 2005C</td>
<td>11/01/05</td>
<td>$214,000,000 3.625-5.000%</td>
<td>2005 to 2026</td>
<td>M: Aa2</td>
<td>GUS</td>
<td>Finance the retirement of a portion of the G O Anticipation Notes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>S: AA</td>
<td></td>
<td>(Commercial Paper), and general government projects.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F: AA+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Refunding Bonds, Series 2006A</td>
<td>05/11/06</td>
<td>$60,805,000 3.60%</td>
<td>2006 to 2026</td>
<td>M: Aa2/VMIG1</td>
<td>GUS</td>
<td>Current Refund of outstanding general obligation public improvmt bonds,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>S: A/A-1</td>
<td></td>
<td>Series 1996 held in interest rate hedging agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F: A/A+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Refunding Bonds, Series 2007A</td>
<td>06/23/06</td>
<td>$203,315,000 4.00-5.00%</td>
<td>2008 to 2028</td>
<td>M: Aa2</td>
<td>GUS</td>
<td>Finance the retirement of a portion of the G O Anticipation Notes (</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>S: AA</td>
<td></td>
<td>Commercial Paper), and general government projects.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F: AA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GO Tax Anticipation Notes (TAN) commercial Paper, Series 2007A</td>
<td>07/11/07</td>
<td>Up to $400,000,000 Market rates</td>
<td>Up to 270 days</td>
<td>M: P-1</td>
<td>GUS</td>
<td>Provide interim financing of various capital projects and</td>
</tr>
<tr>
<td>Water and Sewer Revenue Refunding Bonds, Series 2007</td>
<td>07/17/07</td>
<td>$36,240,000 4.25%-5.00%</td>
<td>2009 to 2016</td>
<td>M: Aaa</td>
<td>–</td>
<td>Non-GO. Current refund of W&amp;S Revenue Bonds, Series 1986 ($13,390,000)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>S: AAA</td>
<td></td>
<td>maturing in 2016 and W&amp;S Revenue Refunding Bonds, Series 1996 ($23,925,000)</td>
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<tr>
<td>Water and Sewer Revenue Refunding Bonds, Series 2008A</td>
<td>02/22/08</td>
<td>$122,530,000 3.25%-5.25%</td>
<td>2011 to 2022</td>
<td>M: Aa3</td>
<td>–</td>
<td>Non-GO. Current refund of W&amp;S Revenue Refunding Bonds, Series 1998A ($127,775,000)</td>
</tr>
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<td></td>
</tr>
<tr>
<td>Water and Sewer Revenue Refunding Bonds, Series 2008B</td>
<td>02/22/08</td>
<td>$27,950,000 3.45%-4.84%</td>
<td>2009 to 2016</td>
<td>M: Aa3</td>
<td>–</td>
<td>Non-GO. Current refund of W&amp;S Revenue Refunding Bonds, Series 1986A ($27,525,000)</td>
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<tr>
<td>(Taxable)</td>
<td></td>
<td></td>
<td></td>
<td>S: AA</td>
<td></td>
<td>maturing in 2016.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F: AA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Bonds, Series 2008A</td>
<td>03/4/08</td>
<td>$308,000,000 4.00-5.00%</td>
<td>2011 to 2028</td>
<td>M: Aa2</td>
<td>GUS</td>
<td>Finance the retirement of a portion of the General Obligation Anticipation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>S: AA</td>
<td></td>
<td>Notes (Commercial Paper), and general government projects.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F: AA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water &amp; Sewer Revenue Bond Anticipation Notes (SAN) Commercial Paper Series A &amp; B</td>
<td>11/12/09</td>
<td>Up to $200,000,000 Market Rate</td>
<td>Up to 6 yrs</td>
<td>M: P-1</td>
<td>–</td>
<td>Provide interim financing of various capital projects and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>after issue</td>
<td>S: A-1+</td>
<td></td>
<td>refine existing projects as relate to Water and Sewer prior to the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F: F1+</td>
<td></td>
<td>issuing of bonds.</td>
</tr>
</tbody>
</table>
# 90 Debt Service Funds-At a Glance

<table>
<thead>
<tr>
<th>Issue</th>
<th>Date Issued</th>
<th>Amount &amp; interest rate</th>
<th>Maturity</th>
<th>Ratings *</th>
<th>Fund *</th>
<th>Comments *</th>
</tr>
</thead>
</table>

* 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

**GENERAL OBLIGATION BONDS PAYABLE**

<table>
<thead>
<tr>
<th>For General Purposes:</th>
<th>Interest Rate</th>
<th>Date of Issue</th>
<th>Date of Final Maturity</th>
<th>Amount of Issue</th>
<th>June 30, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSD G.O. Refunding Bonds, Series 1997</td>
<td>4.950 - 5.125</td>
<td>Sep. 15, 1997</td>
<td>May 15, 2025</td>
<td>64,596,199</td>
<td>-</td>
</tr>
<tr>
<td>GSD G.O. Public Improvement and Refunding Bonds of 1999</td>
<td>5.00 - 5.125</td>
<td>May 15, 1999</td>
<td>Nov. 15, 2029</td>
<td>133,288,342</td>
<td>8,178,082</td>
</tr>
<tr>
<td>GSD G.O. Multi-Purpose Improvement Bonds, Series 2001A</td>
<td>5.00 - 5.50</td>
<td>Feb. 15, 2001</td>
<td>Oct. 15, 2020</td>
<td>82,065,000</td>
<td>22,370,000</td>
</tr>
<tr>
<td>GSD G.O. Multi-Purpose Refunding Bonds, Series 2002</td>
<td>3.50 - 5.00</td>
<td>Nov. 15, 2002</td>
<td>Nov. 15, 2024</td>
<td>41,749,303</td>
<td>33,946,239</td>
</tr>
<tr>
<td>GSD G.O. Multi-Purpose Bonds, Series 2003</td>
<td>4.00 - 5.00</td>
<td>Oct. 1, 2003</td>
<td>Apr. 1, 2024</td>
<td>59,643,042</td>
<td>31,695,241</td>
</tr>
<tr>
<td>GSD G.O. Multi-Purpose Bonds, Series 2005C</td>
<td>3.625 - 5.00</td>
<td>Nov. 1, 2006</td>
<td>Nov. 15, 2025</td>
<td>150,291,131</td>
<td>135,800,178</td>
</tr>
<tr>
<td>GSD G.O. Multi-Purpose Improvement Bonds, Series 2006A</td>
<td>3.80</td>
<td>May 15, 2006</td>
<td>May 15, 2026</td>
<td>80,805,000</td>
<td>-</td>
</tr>
<tr>
<td>GSD G.O. Bonds, Series 2006B</td>
<td>4.00 - 5.00</td>
<td>Jun. 15, 2006</td>
<td>Jan. 1, 2025</td>
<td>113,783,894</td>
<td>108,617,192</td>
</tr>
<tr>
<td>GSD G.O. Refunding Bonds, Series 2007A</td>
<td>4.00 - 5.00</td>
<td>Apr. 15, 2007</td>
<td>May 15, 2030</td>
<td>125,908,003</td>
<td>125,822,821</td>
</tr>
<tr>
<td>GSD G.O. Bonds, Series 2008A</td>
<td>4.00 - 5.00</td>
<td>Mar. 15, 2008</td>
<td>Jan. 1, 2028</td>
<td>174,880,074</td>
<td>174,880,074</td>
</tr>
</tbody>
</table>

**Total General Obligation Bonds Payable For General Purposes**

| Total General Obligation Bonds Payable for School Purposes | 881,202,684 | 876,267,165 | 434,974,674 |

**LIMITED OBLIGATION REVENUE BONDS PAYABLE**

<table>
<thead>
<tr>
<th>For School Purposes:</th>
<th>Interest Rate</th>
<th>Date of Issue</th>
<th>Date of Final Maturity</th>
<th>Amount of Issue</th>
<th>June 30, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correctional Facility Revenue Bonds</td>
<td>5.00</td>
<td>Feb. 1, 2002</td>
<td>Sept. 1, 2011</td>
<td>16,265,000</td>
<td>5,665,000</td>
</tr>
</tbody>
</table>

**Total Bonds Payable - General Services District**

| Total Bonds Payable - General Services District | 2,176,125,321 | 1,439,751,389 | 690,193,329 |

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www.nashville.gov Metropolitan Nashville / Davidson County FY 2011 Operating Budget
### GENERAL OBLIGATION BONDS PAYABLE

<table>
<thead>
<tr>
<th>Description</th>
<th>Interest Rate</th>
<th>Date of Issue</th>
<th>Date of Final Maturity</th>
<th>Amount of Issue</th>
<th>June 30, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD G.O. (Taxable) Refunding Bonds, 2002</td>
<td>5.70 - 6.00</td>
<td>Apr. 1, 2002</td>
<td>July 1, 2012</td>
<td>27,000,000</td>
<td>2,710,000</td>
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<tr>
<td>USD G.O. Multi-Purpose Refunding Bonds, Series 2002</td>
<td>5.50 - 5.75</td>
<td>May 15, 2002</td>
<td>Nov. 15, 2004</td>
<td>5,855,763</td>
<td>5,955,763</td>
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<tr>
<td>USD G.O. Multi-Purpose Bonds, Series 2004</td>
<td>5.00 - 5.25</td>
<td>July 15, 2004</td>
<td>Jan. 1, 2024</td>
<td>5,790,000</td>
<td>5,125,000</td>
</tr>
<tr>
<td>USD G.O. Refunding Bonds, Series 2005B</td>
<td>4.12% - 5.00</td>
<td>May 1, 2005</td>
<td>Jan. 1, 2020</td>
<td>8,008,527</td>
<td>5,322,528</td>
</tr>
<tr>
<td>USD G.O. Multi-Purpose Bonds, Series 2005C</td>
<td>3.62% - 5.00</td>
<td>Nov. 1, 2005</td>
<td>Feb. 1, 2026</td>
<td>19,997,790</td>
<td>18,042,361</td>
</tr>
<tr>
<td>USD G.O. Bonds, Series 2006B</td>
<td>4.00 - 5.00</td>
<td>Jun. 16, 2006</td>
<td>Feb. 1, 2026</td>
<td>23,371,416</td>
<td>19,085,404</td>
</tr>
<tr>
<td>USD G.O. Refunding Bonds, Series 2007A</td>
<td>4.00 - 5.00</td>
<td>Apr. 15, 2007</td>
<td>May 10, 2030</td>
<td>2,530,691</td>
<td>2,509,047</td>
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<tr>
<td>USD G.O. Bonds, Series 2008A</td>
<td>4.00 - 5.00</td>
<td>Mar. 15, 2008</td>
<td>Jan. 1, 2028</td>
<td>38,024,587</td>
<td>38,024,587</td>
</tr>
</tbody>
</table>

Total General Obligation Bonds Payable (governmental activities)

220,818,364 144,048,611 65,769,434

USD G.O. Multi-purpose Bonds, Series 2005A (District Energy Sys)

4.25% - 5.25  May 1, 2005  Jan. 1, 2025

7,695,000  6,893,000  31,180,526

Total General Obligation Bonds Payable (business-type activities)

7,695,000  6,893,000  31,180,526

Total General Obligation Bonds Payable - Urban Services District

228,513,364 150,938,611 68,583,669

### REVENUE BONDS PAYABLE

<table>
<thead>
<tr>
<th>Description</th>
<th>Interest Rate</th>
<th>Date of Issue</th>
<th>Date of Final Maturity</th>
<th>Amount of Issue</th>
<th>June 30, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dept of Water and Sewerage Revenue Bonds of 1993</td>
<td>5.20 - 5.50</td>
<td>Aug. 1, 1993</td>
<td>Jan. 1, 2013</td>
<td>157,475,000</td>
<td>32,045,000</td>
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<tr>
<td>Dept of Water and Sewerage Revenue Bonds of 1998B</td>
<td>4.55 - 5.25</td>
<td>Feb. 15, 1998</td>
<td>Jan. 1, 2014</td>
<td>55,000,000</td>
<td>18,050,000</td>
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<tr>
<td>Dept of Water and Sewerage Rev. Refunding Bonds of 2002</td>
<td>5.12%</td>
<td>Dec. 1, 2002</td>
<td>Jan. 1, 2016</td>
<td>30,255,000</td>
<td>27,625,000</td>
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</tbody>
</table>

Total Revenue Bonds Payable - Department of Water and Sewerage

925,631,665 342,625,000 59,002,637


Total Revenue Bonds Payable - Urban Services District

992,331,645 404,385,000 145,780,286

Total Bonds Payable - Urban Services District

1,220,845,029 555,323,611 214,784,275

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## 90 Debt Service Funds—At a Glance

### Future Annual Debt Service Requirements for Debt Outstanding at 6/30/2009

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>GSD Debt Service</th>
<th>GSD School Debt Service</th>
<th>USD Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td>Total</td>
</tr>
<tr>
<td>2010</td>
<td>42,250,543</td>
<td>43,059,052</td>
<td>85,309,605</td>
</tr>
<tr>
<td>2011</td>
<td>43,267,361</td>
<td>40,987,539</td>
<td>84,254,900</td>
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<tr>
<td>2012</td>
<td>39,910,885</td>
<td>39,103,621</td>
<td>78,014,506</td>
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<tr>
<td>2013</td>
<td>39,263,341</td>
<td>37,182,085</td>
<td>76,445,426</td>
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<tr>
<td>2014</td>
<td>41,017,983</td>
<td>35,240,992</td>
<td>76,258,975</td>
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<tr>
<td>2016</td>
<td>51,567,860</td>
<td>31,011,110</td>
<td>82,578,970</td>
</tr>
<tr>
<td>2017</td>
<td>49,673,630</td>
<td>28,480,600</td>
<td>78,154,231</td>
</tr>
<tr>
<td>2018</td>
<td>50,519,360</td>
<td>26,347,265</td>
<td>76,866,625</td>
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<tr>
<td>2020</td>
<td>48,016,200</td>
<td>20,039,800</td>
<td>68,056,000</td>
</tr>
<tr>
<td>2021</td>
<td>51,264,460</td>
<td>18,491,609</td>
<td>69,756,069</td>
</tr>
<tr>
<td>2022</td>
<td>53,474,366</td>
<td>15,966,754</td>
<td>69,441,120</td>
</tr>
<tr>
<td>2023</td>
<td>56,153,707</td>
<td>13,264,653</td>
<td>69,418,360</td>
</tr>
<tr>
<td>2024</td>
<td>58,262,933</td>
<td>10,482,673</td>
<td>68,745,606</td>
</tr>
<tr>
<td>2025</td>
<td>54,153,896</td>
<td>7,584,334</td>
<td>61,738,230</td>
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<tr>
<td>2026</td>
<td>42,558,127</td>
<td>4,986,843</td>
<td>47,544,970</td>
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<tr>
<td>2027</td>
<td>32,616,075</td>
<td>2,947,794</td>
<td>35,563,869</td>
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<tr>
<td>2028</td>
<td>25,143,219</td>
<td>1,960,565</td>
<td>27,103,784</td>
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<tr>
<td>2029</td>
<td>3,635,737</td>
<td>334,444</td>
<td>3,970,181</td>
</tr>
<tr>
<td>2030</td>
<td>3,766,067</td>
<td>170,840</td>
<td>3,966,907</td>
</tr>
</tbody>
</table>

Total: 878,267,155 | 434,974,674 | 1,313,241,839 | 555,819,224 | 254,784,280 | 810,603,504 | 150,938,611 | 68,963,989 | 219,902,600

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# 90 Debt Service Funds - At a Glance

**Future Annual Debt Service Requirements for Debt Outstanding at 6/30/2009**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>GSD Debt Service</th>
<th>GSD School Debt Service</th>
<th>USD Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td>Total</td>
</tr>
<tr>
<td>2010</td>
<td>33,370,000</td>
<td>18,859,455</td>
<td>52,229,455</td>
</tr>
<tr>
<td>2011</td>
<td>35,525,000</td>
<td>16,526,203</td>
<td>52,051,203</td>
</tr>
<tr>
<td>2012</td>
<td>37,830,000</td>
<td>14,170,088</td>
<td>52,000,088</td>
</tr>
<tr>
<td>2013</td>
<td>40,195,000</td>
<td>11,569,110</td>
<td>51,764,110</td>
</tr>
<tr>
<td>2014</td>
<td>41,745,000</td>
<td>9,597,415</td>
<td>51,342,415</td>
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<tr>
<td>2015</td>
<td>43,690,000</td>
<td>7,547,792</td>
<td>51,237,792</td>
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<tr>
<td>2016</td>
<td>26,980,000</td>
<td>5,495,677</td>
<td>31,475,677</td>
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<tr>
<td>2017</td>
<td>12,450,000</td>
<td>4,266,413</td>
<td>16,716,413</td>
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<tr>
<td>2018</td>
<td>13,030,000</td>
<td>3,708,725</td>
<td>16,738,725</td>
</tr>
<tr>
<td>2019</td>
<td>13,630,000</td>
<td>3,087,525</td>
<td>16,717,525</td>
</tr>
<tr>
<td>2020</td>
<td>14,275,000</td>
<td>2,371,950</td>
<td>16,646,950</td>
</tr>
<tr>
<td>2021</td>
<td>15,100,000</td>
<td>1,622,513</td>
<td>16,722,513</td>
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<td>2022</td>
<td>15,805,000</td>
<td>823,763</td>
<td>16,628,763</td>
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<td>2023</td>
<td>2,440,000</td>
<td>1,899,650</td>
<td>4,339,650</td>
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<tr>
<td>2024</td>
<td>2,150,000</td>
<td>1,747,750</td>
<td>3,897,750</td>
</tr>
<tr>
<td>2025</td>
<td>2,685,000</td>
<td>1,823,750</td>
<td>4,509,750</td>
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<tr>
<td>2026</td>
<td>2,795,000</td>
<td>1,986,250</td>
<td>4,781,250</td>
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<tr>
<td>2027</td>
<td>3,790,000</td>
<td>1,338,731</td>
<td>5,128,731</td>
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<td>2028</td>
<td>3,110,000</td>
<td>1,179,169</td>
<td>4,289,169</td>
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<tr>
<td>2029</td>
<td>3,285,000</td>
<td>1,025,875</td>
<td>4,310,875</td>
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<tr>
<td>2030</td>
<td>3,420,000</td>
<td>859,000</td>
<td>4,279,000</td>
</tr>
<tr>
<td>2031</td>
<td>3,590,000</td>
<td>683,750</td>
<td>4,273,750</td>
</tr>
<tr>
<td>2032</td>
<td>3,770,000</td>
<td>499,750</td>
<td>4,269,750</td>
</tr>
<tr>
<td>2033</td>
<td>3,955,000</td>
<td>306,625</td>
<td>4,261,625</td>
</tr>
<tr>
<td>2034</td>
<td>4,155,000</td>
<td>103,875</td>
<td>4,258,875</td>
</tr>
</tbody>
</table>

| Total       | 878,267,156 | 434,974,674 | 1,313,241,830 | 555,819,224 | 254,784,280 | 810,603,504 | 150,938,611 | 68,883,989 | 219,822,600 |
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
90 Debt Service Funds-At a Glance

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.

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 gain to 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.