



POLICY # _____

ADOPTED _____, 2024

CAPITAL IMPROVEMENT POLICY

Capital Improvement Policy (the “Policy”) of the City of Crossville, Tennessee (the “City”) provides for written guidelines intended to guide the development short, intermediate, and long-term capital expenditures and improvement budgets and plans. The Policy is intended to affect strategic budgeting and capital considerations to ensure the City optimizes levels of efficiency in customer service and System maintenance and development through changing economic, operational, or financial environments.

Capital improvement policy improves the quality of decisions, provides justification for budgeting, cash management, and financing actions, identifies goals and objectives, and demonstrates a commitment to a long-term continuum of proactivity to assure sustainability of infrastructure by establishing processes, approaches, and methodologies to address System maintenance, replacement, development, and proper fixed asset accounting over the full life of capital assets and equipment. Capital improvement policies establish a framework within which governance, management, staff, customers, and investors understand roles, responsibilities, and expectations to produce efficient capital expenditure and improvement budgets and plans. Adherence to capital improvement policy signals to rating agencies and the capital markets that a government is well managed and prepared to meet its obligations in a timely manner.

The Policy incorporates GFOA Best Practices guidelines to include Development of Capital Planning Policies (2011)(CEDCP); Capital Asset Assessment, Maintenance, and Replacement Policy (2010); Establishing Appropriate Capitalization Thresholds for Capital Assets (2006); Multi-Year Capital Planning (2006); and Building Resiliency into Capital Planning (2008). The policy incorporates the 2023 Tennessee Department of Environment and Conservation Asset Management Plan Guide which is an attachment hereto. The Policy is instituted as a foundational platform of the City to provide basis for short, intermediate, and long-term capital expenditures and improvement policies and plans to establish approaches, methodologies, actions, and listings of anticipated expenditures deemed to be necessary and essential for continued System maintenance, improvement, development, and efficiency. The City of Crossville, Tennessee (the “City”) adopted this stated capital improvement policy on _____, 2024.

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I. INTRODUCTION:

Capital improvement policy provides for written guidelines intended to guide the development of short, intermediate, and long-term capital expenditures and improvement budgets and plans. The Policy is intended to affect strategic budgeting and capital considerations to ensure the City optimizes levels of efficiency in customer service, System maintenance, and development through changing economic, operational, or financial environments. Capital improvement policy improves the quality of decisions, provides justification for budgeting, cash management, and financing actions, identifies goals and objectives, and demonstrates a commitment to a long-term continuum of proactivity to assure sustainability of infrastructure by establishing processes, approaches, and methodologies to address System maintenance, replacement, development, and proper fixed asset accounting over the full life of capital assets and equipment. Capital improvement policies establish a framework within which governance, management, staff, customers, and investors understand roles, responsibilities, and expectations to produce efficient capital expenditure and improvement budgets and plans. Adherence to capital improvement policy signals to rating agencies and the capital markets that a government is well managed and prepared to meet its obligations in a timely manner.

The City recognizes the development and revision of stated capital improvement policy and capital expenditure and improvement budgets and plans as fundamental to the efficient operations and management of the City and essential to the achievement of the lowest possible costs for the tax and rate payers of the City and associated enterprise systems. Capital improvement policy shall be utilized in conjunction with the annual operating budget, capital expenditures budget, and long-term capital improvement plan to effectuate more connective and synergistic long term financial approaches and methodologies. It is the intent of the City that operational, financial, and credit initiatives and policies represent to the tax-payers, rate-payers, credit rating agencies, and capital markets that the City is well managed and structured to meet financial and economic challenges and opportunities which arise in the due course of business.

II. THE CITY OF CROSSVILLE, TENNESSEE:

The City of Crossville (the “City”) is the county seat of Cumberland County, Tennessee (the “County”) which is situated on the Cumberland Plateau region of the State and located along U.S. Interstate 40 approximately 71 miles West of Knoxville, 114 miles east of Nashville, and 79 miles north of Chattanooga. The County is at the heart of the Appalachian Plateau Province which stretches from the southern border of New York to central Alabama and is the largest timbered plateau in America. Cumberland County has an approximate land area of 679 square miles and has a mean elevation of approximately 1,980 feet above sea level. It enjoys a temperate climate with an average annual temperature of 56 degrees, average July temperature of 86 degrees, average January low temperature of 25 degrees, average annual precipitation of 55 inches, and prevailing winds are from the Southwest.

The City of Crossville is known as the Golf Capital of Tennessee. Fairfield Glade, Lake Tansi Village, Cumberland Cove, and Deer Creek represent a few of the resorts and private communities which offer world class golf, leisure activities and other recreational amenities. The County is home to twelve championship golf courses, which include approximately 90 holes at Fairfield Glade and the Jack Nicklaus Bear Trace Course at Cumberland Mountain State Park. Each course offers a unique golfing experience and incorporates a variety of rolling hills, mountain streams and rock formations in design layout which includes blue grass fairways and bent grass greens.

The United States Chess Federation (“USCF”) was established in 1939 and was headquartered in New York City and Newburgh, New York. In 2004, the USCF chose to establish its new home in Crossville and construction of a new national headquarters building was completed in 2006. The U.S. Chess Federation reports over 93,000 members across the nation.

The County is a rural cultural destination center for visitors from across the country and is home to The Cumberland County Playhouse, the only major non-profit professional performing arts center in rural Tennessee. The Cumberland County Playhouse serves more than 145,000 visitors annually with two indoor and two outdoor stages, young audience productions, a comprehensive dance program, a concert series and touring shows. Outdoor activities are enjoyed by County residents and visitors. Cumberland Mountain State Park, Lake Tansi Village, Fairfield Glade, Mariner’s Pointe, Cumberland Cove, Crossville Recreation Park, Caryonah Hunting Lodge and Preserve and the Catoosa Wildlife Management Area provide an abundance of swimming, skiing, hiking, fishing, hunting, and other sporting opportunities.

III. SCOPE, INTENT, AND ADMINISTRATION OF CAPITAL IMPROVEMENT POLICY:

The scope of this Policy shall apply to all major capital expenditures and improvements of the City and associated enterprise entities and systems (the “City”). The Policy dictates the creation and annual revision of 5-year forward looking capital expenditures budget (“CEB”) as a component of an annually revised 30-year capital improvement plan (“CIP”). The City’s capital improvement policies shall consider unique organizational characteristics, nature and structure of services provided, and external environmental factors. Capital planning should provide at a minimum the following items:

- A. A clear definition of what constitutes a capital improvement project.
- B. Establishment of a capital improvement planning and review committee.
- C. A requirement that the CIP consider legal issues surrounding the long-term rate setting and financing and strategies.
- D. A process for determination of funding structure, terms, and timing to ensure project financing and rate setting measures are instituted in accordance with applicable provisions of the law.
- E. A requirement that the plan considers and incorporates capital maintenance projects.

CAPITALIZATION THRESHOLDS FOR CAPITAL ASSETS:

The term capital asset is utilized to describe assets that are used in operations and that have initial lives extending beyond a single reporting period. Capital assets may be either intangible (e.g. easements, water rights, etc.) or tangible (e.g. land, buildings, infrastructure, etc.).

It is a primary responsibility of public entity governance officials to effectuate policy, to be implemented by management and staff, to maintain adequate control over all government resources to minimize rates of taxation, enterprise entities and systems operations, risk of loss, misuse, and to promote public safety.

Practical application of the materiality principle denotes that not all tangible capital-type assets with useful lives extending beyond a reporting period are required to be reported in a government statement of position. Items with extremely short useful lives (e.g. less than 2 years) or of small monetary value are properly reported as an “expenses” or “expenditures” in the period in which they are acquired.

When outlays for capital-type items are reported on the statement of position, they are said to be capitalized. The monetary criterion used to determine whether a given capital asset should be reported on the balance sheet is known as the “capitalization threshold”. A government may establish a single capitalization threshold for all capital assets, or different capitalization thresholds for different classes of assets. The Mayor and Council of the City directs the following guidelines in establishing capitalization thresholds:

- A. Items should only be capitalized if they have an estimated useful life of at least two years following the date of acquisition.
- B. In no case should there be a capitalization threshold of less than \$5,000 for any individual item.
- C. In establishing capitalization thresholds, recipients of federal awards should be aware of federal requirements that prevent the use of capitalization thresholds in excess of certain specified maximum amounts for purposes of federal reimbursement.
- D. Proper due diligence and consideration of debt, net position, and asset management policies and plans are required in decision-making processes determining method of payment in the acquisition, development, maintenance, and repair of capital assets.

IV. CAPITAL ASSET ASSESSMENT, MAINTENANCE, AND REPLACEMENT POLICY:

Capital assets include government facilities, infrastructure, equipment and networks that enable the delivery of public sector services. The performance and continued use of these capital assets is essential to the health, safety, economic development and quality of life of those receiving services. Budget concerns can impede capital program expenditures or investments for maintenance and replacement and increase difficulty to sustain the assets in conditions to provide optimal service levels. The City recognizes that decisions to defer essential maintenance or asset replacement can reduce ability to efficiently provide services and could threaten public health, safety and overall quality of life. The City recognizes as the physical condition of asset decline, deferring maintenance and/or replacement tends to increase long-term costs and liabilities. The City establishes capital planning, budgeting and reporting practices to encourage appropriate capital spending levels. It is the policy of the City to implement processes for assessing the condition of assets and budget for capital maintenance and replacement to maintain efficient and legally compliant City and operations and efficient service levels to include:

- A. Implementing processes should include inventory and periodic measurement of the physical condition of existing capital assets. This inventory and physical assessment shall contain the following essential information:
 - 1. a. Engineering description;
 - b. Location;
 - c. Physical dimensions and condition;
 - d. As-built documents (where applicable);
 - e. Warranties;
 - f. Maintenance records;
 - g. Book value;
 - k. Original Useful Life; and
 - l. Remaining Useful Life.
- B. Evaluating existing assets to determine ability to provide the most appropriate method to deliver services. Maintenance and replacement plans for assets shall be

prioritized in accordance with overall goals and objectives to maintain superior service levels. Condition assessments shall be conducted prior to replacing a major or new capital asset.

- C. **Asset Management Plans (AMP's):** The State of Tennessee has established the Tennessee Infrastructure Scorecard and asset management plans should be designed to assist in the prioritization of capital improvements and identification of critical needs which should be addressed at present and in future years for the capital assets of the City. Asset management plans are required in connection with certain State and Federal programs loan and grant funding. To be considered satisfactory the Scorecard an asset management plans must meet the following criteria in connection with associated enterprise systems to include digital map of greater than 75% of systems; current asset inventory and condition assessment; plans of operation and maintenance; work order system; capital improvement plans and budgets; asset testing and replacement programs; and IT infrastructure to support management decision-making processes.

V. LONG-TERM MULTI-YEAR CAPITAL IMPROVEMENT POLICY:

The City recognizes buildings, infrastructure, technology, and equipment are the physical foundation for providing customer services. The procurement, construction, maintenance, and development of capital assets are vital to the current and future success of the City defined as ability to provide the highest levels of service at the lowest possible costs. Capital planning policy should consist of the following:

- A. Identification of Need: The first step in the capital expenditures and improvement planning process for the City is to recognize, identify and prioritize projects. It is the policy of the City to identify present and future needs that require capital infrastructure or equipment improvements, additions, or purchases with attention directed to the following:
 - 1. Capital assets that require repair, maintenance, or replacement where inaction will result in higher costs in future years;
 - 2. Infrastructure improvements to support new development or redevelopment.
 - 3. Projects with the potential to increase the revenue generation capability.
 - 4. Improvements which support economic development within the City and service area.
 - 5. Improvements to meet dynamic community needs.
- B. Determination of Costs: It is the policy of the City to determine the extent of costs associated with short and long-term capital improvements and projects. Costs the City shall consider include the following:
 - 1. The scope and timing of planned CEB or CIP projects will be defined upon inclusion therein.
 - 2. The City shall identify and use the most appropriate approaches when estimating project costs and associated revenues and expenses.
 - 3. The City shall adjust cost projections from time to time to incorporate effects of inflation, cost changes, and the variable nature of business cycles and incorporate

proforma estimates consistent with the requirements of the City's Debt Management and Net Position Policies.

4. The capital improvement plan shall provide cost estimates for all major project components required for implementation which will be delineated to include land acquisition needs, design, construction, funding, contingency, and post-construction costs and expenses.
- C. Prioritize Capital Improvement Projects: It is the policy of the City to conduct efficient operations to ensure provision of high levels of tax and rate payor service and the lowest possible point of cost. The City recognizes that prioritization of capital expenditures is of vital and necessary importance in the development of short, intermediate, and long-term capital expenditure and improvement plans. The City shall utilize the following order of prioritization in the construction of the CEB and CIP:
1. Projects essential to comply with federal, state, and local laws, legal requirements, and mandates.
 2. Repair, maintenance, or replacement of capital assets where inaction will result in higher tax or rate payer costs in future years.
 3. Infrastructure improvements to support economic development or redevelopment.
 4. Infrastructure improvements to provide for increases in tax or enterprise revenue generation capacity.
 5. Capital improvements which support and/or meet dynamic needs.

The City directs further guidance with respect to prioritization of long-term capital projects as follows:

1. Stipulated, Court Ordered, and Regulatory: These are the projects that are undertaken to comply with court orders, stipulated agreements, regulatory issues, and the National Pollutant Discharge Elimination Permit (NPDES).
2. Health and Safety: These are projects that are required to eliminate or mitigate impact on public health or safety. These projects are also required to ensure that there is no failure to comply with the City's NPDES permit requirements.
3. Council and Board Policy and Commitment to Outside Agencies: These are projects that are undertaken to comply with a policy that the City Council or associated authority or agency Board may adopt because of its commitment to outside Agencies.
4. Potential Ability/Failure to Meet Permit Requirements: These are projects that are undertaken to construct or rehabilitate facilities or equipment that is in danger of failing, and that such failure may potentially endanger the City's ability to continue meeting permit requirements.
5. High Profile and Good Neighbor Policy: These are projects that are undertaken to remediate concerns expressed by residents of the City or associated enterprise systems service areas.
6. Good Engineering and High Return: This category includes projects that are needed for rehabilitation and upgrading of facilities and infrastructure required for the City and associated enterprise systems to fulfill its mission and function

while meeting need to resolve operational issues and inefficiencies. This category also recognizes cost savings in operations through good City and related enterprise systems maintenance.

7. Good Engineering and Low Return: This category includes projects that are needed for rehabilitation and upgrading of facilities and infrastructure at lower priority but necessary to assist the City and System to fulfill its long term mission.

VI. EXCEPTIONS TO CAPITAL IMPROVEMENT POLICY:

Exceptions to the policy shall be approved by the City Council and the Boards of associated enterprise systems.

VII. PUBLIC TRANSPARENCY:

It is the policy of the City to provide for transparency of action associated with City operations to tax payors, rate payors, customers, investors, and public trust. The City shall comply with any and all legal disclosure requirements of State and Federal Agencies. The City shall comply with all legal disclosure requirements associated with the debt or investments of the City. The City shall from time to time make voluntary disclosures of information deemed to be of public interest and importance that is not mandated by any covenant, State, or Federal Agency requirements.

VIII. CONFLICTS OF INTEREST:

The City recognizes that from time to time various firms may seek to serve in multiple capacities so the interests of tax or rate payers are not properly served. It is the policy of the City that firms seeking to conduct business shall not be permitted to engage in any activity where any actual or potential conflict of interest to those of the City may exist.

IX. FEDERAL AND STATE LAW COMPLIANCE PRACTICES:

The City shall fully comply with all local, state, and federal statutes and laws. The City undertakes internal due diligence practices designed to locate potentially problematic areas and provide corrective response. The City shall continue to be proactive in efforts to comply with the law and disclose to appropriate agencies instances where non-compliance shall exist. To the best of its knowledge the City is in full compliance with all local, state, and federal statutes and laws.

X. MARKET AND INVESTOR RELATIONS:

The Securities and Exchange Commission has issued guidance pertaining to the need for issuers of municipal securities to disclose financial statements and material events notices in accordance with the law. The City encourages the scrutiny of the market, credit rating agencies, and prioritizes the importance of good relations with the citizens and institutions that have invested in its debt obligations. The City understand those who are tax payors, rate payors, customers and investors have a vested interest in the operational, financial, and credit fundamentals of the organization and shall treat investors as stakeholders in the affairs of the City. The City shall continue institute measures to foster good relations with market professionals and investors through commitment to the achievement of excellence in association with all parties of interest to its continued successful operations. The City shall strive to achieve the highest standards of professionalism in the timely reporting of information to comply with continuing disclosure agreements and material events notices and continue to assist market professionals and investors to obtain requested information.

XI. ANNUAL REVIEW OF CAPITAL IMPROVEMENT POLICY:

It is stipulated by the City that any change to this Policy may adversely impact operating, financial, or credit strength and position. It is contemplated that the City may from time to time amend or modify this Policy to enhance the ability to achieve the objectives stated herein or incorporate new policies that fundamentally strengthen its underlying financial position and credit strength. The Policy should be reviewed annually, and any amendments or modifications will be incorporated upon completion of such review.

ADOPTED AND APPROVED, THIS _____TH DAY OF _____, 2024

Mayor,

ATTEST:

City Clerk,

SEAL OF THE CITY

ATTACHMENT A -- MINIMUM LANGUAGE

(State of Tennessee Comptroller Release Dated June 2023)

COMPLIANCE - TENNESSEE DEBT MANUAL FOR LOCAL GOVERNMENT:

- The Tennessee Comptroller of the Treasury Tennessee Debt Manual for Local Governments (the “TCOT Debt Manual” was most recently approved by the State Funding Board in June 2023. The City shall at all times conduct actions to comply with all federal and state regulations. The TCOT Debt Manual is herewith incorporated in full to the Debt Management Policy of the City and may be found at the following web address:

<https://comptroller.tn.gov/content/dam/cot/lgf/documents/manuals/LocalGovernmentDebtManualFinal.pdf>

1. **TRANSPARENCY:** The Entity shall comply with legal requirements for notice and for public meetings related to debt issuance. In the interest of transparency, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens/members, governing body, and other stakeholders in a timely manner.
3. **PROFESSIONALS:** The City shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Entity and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.
 - **Bond/Disclosure/Other Counsel** ⁱ: The City shall enter into an engagement letter agreement with each lawyer or law firm representing the City in a debt transaction. (*No engagement letter is required for any lawyer who is an employee of the City or lawyer or law firm which is under a general appointment or contract to serve as counsel to the City. The City does not need an engagement letter with counsel not representing the City, such as underwriters’ counsel.*)
 - **Municipal Advisor** ⁱⁱ: If the City chooses to hire a Municipal Advisor, the City shall enter into a written agreement with the firm serving as Municipal Advisor for debt management and transactions.
 - **Underwriter:** If there is an underwriter, the City shall require the Underwriter to clearly identify itself in writing (*e.g.*, in a response to a request for proposals or in promotional materials provided to an issuer) as an underwriter and not as a Municipal Advisor from the earliest stages of its relationship with the City with respect to that issue. The Underwriter must clarify its primary role as a purchaser of securities in an arm’s-length commercial transaction and that it has financial and other interests that differ from those of the Entity. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the governing body (*or its designated official*) in advance of the pricing of the debt.
4. **CONFLICTS:** Professionals involved in a debt transaction hired or compensated by the District must disclose existing client and business relationships between and among the professionals to a transaction that may be in conflict, or may be perceived as a conflict of interest in accordance with rules and regulations of the Municipal Securities Rulemaking Board (MSRB); United States Securities and Exchange Commission (SEC); and the State of Tennessee (including but not limited to municipal advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counter-party, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Entity to appreciate the significance of the relationships.

ATTACHMENT B - GLOSSARY

Conflicts of Interest occur in situations where parties in a transaction have multiple interests or relationships that could possibly corrupt the motivation to act. The presence of a conflict of interest indicates the potential for divided loyalty and does not automatically indicate wrongdoing.

Costs means fees and expenses of professionals and service providers and other similar fees and expenses, whether or not payable at the time the debt is incurred. “Costs” also means recurring and nonrecurring fees and expenses during the life of the debt.

Debt means indebtedness lawfully issued, executed or assumed by a public entity. Debt is created when a public entity agrees to pay over-time to someone else, in exchange for receiving an upfront payment or loan or for acquiring an asset. “Security” refers both to debt that can be transferred or delivered to another party, as well to property or assets pledged as collateral for a debt. Common instruments or evidence of debt are:

Bonds are debt instruments issued for a period of one year or longer, usually for permanent financing.

Notes are debt instruments issued for a short period of time, often for interim financing. Notes may be rolled to bonds. Examples are Capital Outlay Notes, Tax and Revenue Anticipation Notes, Bond Anticipation Notes, and Grant Anticipation Notes.

Capital leases or a lease purchase are written agreements allowing the use of property in exchange for payment of funds.

Loans are debt agreements usually with a financial institution such as a local bank or an organized loan program such as the Tennessee Municipal Bond Fund or the State Revolving Loan Program. Loans are also internal loans between funds within the entity or **seller financed loans**.

Debt service means a series of payments including **interest** (the amount or fee earned or paid for use of money or credit, calculated on the amount of principal) and **principal** (the amount of money borrowed or credit provided) required on a debt over time. The rate of interest can be **variable** or **fixed**.

Schedule means the plan listing the amount and when debt service will be paid.

Backloading refers to delaying repayment of principal until the end of the financing term. A standard or default structure for debt service is level debt service payments, similar to a standard home mortgage. Backloading should be considered only when beneficial to the overall amortization of debt, upon the occurrence of natural disasters, or when project revenues are not available during the early years of a project.

Maximum total level of debt means the maximum principal amount of debt a public entity will have outstanding at any time, usually for each type of debt issued.

Federal compliance issues means the ongoing responsibilities of a public entity after issuing debt. If the debt is sold as being “federally tax-exempt,” then the entity will have to comply with federal tax law. If the debt is a “security” for federal securities laws, then the public entity is subject to anti-fraud provisions and possibly is subject to continuing disclosure obligations.

Finance transaction means both debt obligations and derivatives. A derivative is a financial product deriving value from a separate security. This term refers to many different products.

“Derivative” includes an Interest Rate Agreement as defined in Tennessee Code Annotated Section 9-22-103 and other transactions as identified by the State Funding Board.

Guidelines means the document adopted by the Tennessee State Funding Board providing statutorily required guidance on Interest Rate and Forward Purchase Agreements. The current version became effective November 1, 2009. The Guidelines are available on the internet at <http://tn.gov/comptroller/lf/pdf/SFB%20Guidelines%2010-9%20Final.pdf>

Professionals means individuals or firms advising or offering to provide professional services to a public entity with respect to a finance transaction. Examples of professionals are:

- **Municipal Advisor** means an independent or municipal securities dealer firm registered with the Municipal Securities Rulemaking Board (MSRB) and United States Securities and Exchange Commission (SEC), and regulated with the SEC. A Municipal Advisor must possess the MSRB Series 50 and 54 certifications. It can include a Financial, Swap, or Program Administrator.
- **Counsel** means a legal advisor or attorney, whether an individual or a firm, representing a client. It can include Bond, Disclosure, Issuer, Swap, Tax, or Underwriters Counsel.
- **Counterparty** means the other party or participant in an agreement or contract; usually it refers to the other party in an Interest Rate (or swap) Agreement.
- **Lender** means an individual or firm who loans a borrower money.
- **Paying Agent** means an individual or firm that transfers the periodic interest and principal payments from the public entity to the investors.
- **Registrar** means the individual or firm responsible for maintaining a record or list of owners or investors in debt (sometimes referred to as holders of the debt).
- **Remarketing Agent** means the firm responsible for reselling to new investors debt instruments that have been “tendered” for purchase by their holders. The remarketing agent is also usually responsible for resetting the interest rate for variable rate debt instruments.
- **Underwriter** means the firm that buys new debt for reselling to the public for a profit. The underwriter may acquire the debt either through negotiation or by award on the basis of competitive bidding.
- **Verification Agent** usually means a certified public accountant or other independent third party that determines that the cash flow from investments purchased with proceeds of a refunding debt issue, along with other money, will be sufficient to pay the refunded bonds.

Public Entity is a governmental organization or unit that has a legal existence and is authorized to borrow money or enter into debt. It includes the State, state agencies, local governments, local government instrumentalities, and any other authority, board, City, instrumentality, or entity created by the State, a state agency, local government, a local government instrumentality, or any combination of the above. It does not include legal entities without debt authority, such as a county school board; however, a special school City with debt authority is included.

Governing Body means the group of individuals with the authority to make decisions for a public entity, often referred to as the “legislative body.” Governing bodies are subject to the Tennessee Open Meetings Law (requiring public notice and recording of minutes). **Members** are the individuals serving on the governing body.

Conduit Entity means a governmental entity or agency that borrows money to lend to another entity, and not to finance a project for itself. Examples of conduit issuers are health and education boards, economic development boards, and public building authorities.

Risk refers to the uncertainty (downside) involved in a debt transaction, including investment, business, credit, market, liquidity, operations, tax, and basis risks.

State Agency Loan Program refers to programs offered by the state or state agencies, such as the State Revolving Loan Program offered by the Tennessee Local Development City or the Qualified School Construction Bond program offered by the Tennessee State School Bond Authority.

State Funding Board means the state entity whose members are the Governor, the Commissioner of Finance and Administration, the Comptroller, the State Treasurer, and the Secretary of State. The State Funding Board is created by Tennessee Code Annotated Section 9-9-101.

ATTACHMENT C

FORM MATERIAL EVENTS NOTICE COVERSHEET

This coversheet and material events notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, of applicable, pursuant to the Securities and Exchange Commission Rule 15c2-12(b)(5)(I)(C) and (D).

Issuer's and/or Other Obligated Person Name _____

Issuer's Six-Digit CUSIP Number(s): _____

Or Nine-Digit CUSIP Number(s) to which this material relates: _____

Number of Pages of Attached Material Event Notice: _____

Description of Material Events Notice (Check One):

1. ☐ Principal and Interest delinquencies;
2. ☐ Non-payment-related defaults;
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties;
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties;
5. ☐ Substitution of credit or liquidity providers or their failure to perform;
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of issuer security;
7. ☐ Modifications to rights of security holders;
8. ☐ Bond Calls, redemption, or tender offers;
9. ☐ Defeasances;
10. ☐ Release, substitution, or sales of property securing repayment of the securities
11. ☐ Credit rating or outlook changes;
12. ☐ Bankruptcy, insolvency, or receivership;
13. ☐ Merger, acquisition, or sale of all issuer assets;
14. ☐ Appointment of successor trustee;
15. ☐ Financial obligation¹ incurrence or agreement;
16. ☐ Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties;
17. ☐ Failure to provide annual financial information is required
18. ☐ Other material event notice (specify) _____

¹The term "financial obligation" is defined as a debt obligation, derivative instrument entered into in connection with, or (ii) Pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) Guarantee of (i) or (iii) The term financial obligation shall not include municipal securities as to which a final official statement.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: (____) _____

Please print the material event notice attached to this debt management policy in 10-point type or larger. The coversheet and notice may be faxed to the MSRB at (703) 683-1930. Contact the MSRB at (202) 223-9503 with questions regarding this form or dissemination of this notice.

