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Metropolitan Nashville Airport Authority

Debt Management Policy

Policy # 41-008

Effective Date: July 22, 2020

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Debt Management Policy

Introduction

This debt management policy provides written guidance about the amount and type of debt that may be issued, the issuance process, and the management of the debt portfolio. A debt management policy tailored to the needs of the Metropolitan Nashville Airport Authority ("Authority") improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals, and demonstrates a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a debt management policy signals to rating agencies and the capital markets that a government is well-managed and should meet its obligations in a timely manner.

Debt levels and their related annual costs are important long-term obligations that must be managed with available resources. An effective debt management policy provides guidelines for a government to manage its debt program in line with those resources.

The Authority's enabling legislation, Public Chapter 174 of the Public Acts of the 86th General Assembly of the State of Tennessee, 1969 Session, authorizes the Authority to issue debt obligations, subject to approval by its Board. The Authority has no power to tax and cannot issue "general obligation debt". Under Tennessee Code 42-4-109(a) the Authority has express authority to issue revenue bonds. This code also provides that "[t]he governing body of a creating municipality, or any participating municipality, may by resolution pledge the full faith and credit and unlimited taxing power of the municipality as guarantor…"

The Authority has adopted a master bond resolution(s), which makes all of the Authority's revenues subject to a prior lien.

The Authority may from time to time act as a conduit issuer. In such instances, the Authority may consider the issuance of special facility revenue bonds upon the written request of a contracting party. In all such instances, the contracting party shall be responsible for the engagement of all professionals (except counsel to the Authority and bond counsel, which shall be selected by the Authority) and the payment of all fees and expenses of all parties, including the Authority and counsel selected by it. In addition, the contracting party shall indemnify and hold the Authority harmless for any liability, loss or expense suffered by the Authority or its officers or directors in connection with such issuance. The contracting party shall provide the Authority with all information and documents as requested by the Authority to further the intent and purpose of this debt management policy.

Goals and Objectives

The Board is establishing a debt policy as a tool to ensure that financial resources are adequate to meet the Authority's long-term capital program and financial planning. In addition, the Debt Management Policy (the "Policy") helps to ensure that financings undertaken by the Authority satisfy certain clear objective standards designed to protect the Authority's financial resources and to meet its long-term capital needs.

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A. The goals of this policy are:

1. To document responsibility for the oversight and management of debt related transactions;
2. To define the criteria for the issuance of debt;
3. To define the types of debt approved for use within the constraints established by the Board;
4. To define the appropriate uses of debt;
5. To define the criteria for evaluating refunding candidates or alternative debt structures; and
6. To ensure transparency in the debt transaction process.

B. The objectives of this policy are:

1. To establish clear criteria and promote prudent financial management for the issuance of all debt obligations;
2. To identify legal and administrative limitations on the issuance of debt;
3. To ensure the legal use of the Authority's debt issuance authority;
4. To maintain appropriate resources and funding capacity for present and future capital needs;
5. To protect and enhance the Authority's credit rating;
6. To evaluate debt issuance options;
7. To promote cooperation and coordination with other stakeholders in the financing and delivery of services;
8. To manage interest rate exposure and other risks; and
9. To comply with Federal Regulations and Generally Accepted Accounting Principles (GAAP).

Debt Management Strategies

To achieve the goals and objectives above, the Board adopts the following debt management strategies and procedures.

A. Funding Strategies

Debt is to be issued in full compliance with all applicable laws and pursuant to resolutions adopted by the Board.

1. Debt may be issued for public purposes of the Authority;
2. Debt may be used to finance capital projects authorized by the Board and to fund discount, reserve funds, costs of issuance; and other lawful purposes as determined by the Authority;
3. Prior to the issuance of bonds, bond anticipation notes may be issued for the payment of costs of projects as authorized by the bond authorization and a resolution of the Board.

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B. Debt Capacity Assessment

1. The principal amount of bonds that the Authority can issue is subject to approval by the Board. Before approval for issuance of new debt, staff shall provide a staff analysis and identify all revenues and other funding sources for the payment of debt service (for principal and interest) and underlying assumptions for the funding sources during the anticipated term of the debt. The staff analysis should also explain the use of any proposed or planned credit enhancement, such as reserve funds, bond insurance, etc.

2. Under the master bond resolution(s), the Authority is required to maintain a rate covenant coverage requirement of 125% on its outstanding senior bonds and 110% on all outstanding senior/subordinate bonds combined. Section 8.09.2 of the Authority's master bond resolution(s) specifies the procedures to be undertaken if the Authority fails to meet these rate covenants.

C. Credit Maintenance

1. One of the most important financial metrics when evaluating and measuring an airport's credit quality is Debt Service Coverage. Included above in "Debt Capacity Assessment", the Authority has a covenant to its bondholders to maintain a rate covenant of 125% on all outstanding senior bonds and 110% on all senior/subordinate outstanding bonds combined, and such rate covenant should be seen as a "floor". This policy establishes a goal to strive to maintain a Debt Service Coverage of 150% and above on its outstanding senior bonds and 125% and above on all outstanding senior/subordinate bonds combined.

2. Another important financial metric is Days Cash on Hand or the Authority's liquidity position. The Days Cash on Hand metric measures how long the Authority can cover its operating and maintenance cost from its unrestricted cash. This policy establishes a goal (or floor) to strive to maintain a range of 550 to 650 Days Cash on Hand as compared to its budgeted Total Operating Expenses (which excludes depreciation and required debt payments). From time-to-time, the Chief Financial Officer may set an informal policy goal to have a higher Days Cash on Hand level based on the business climate, economic cycle, capital / contract planning process, etc.

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D. Federal Tax Status

1. **Tax-Exempt Debt** – Based on the assumptions that tax-exempt interest rates are lower than taxable rates and that the interest savings outweigh the administrative costs, restrictions on use of financed projects, and investment constraints; the Authority will use its best efforts to maximize the amount debt sold under this policy as tax- exempt.

2. **Taxable Debt** – The Authority may sell taxable debt when necessary to finance projects with a private use. The Authority will encourage the financing team to blend the financing of taxable projects with the financing of tax-exempt projects in the manner determined to provide the greatest benefit to the Authority.

E. Legal Limitations on the Use of Debt

1. The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized.

2. The Authority shall comply with all requirements for the issuance of bonds set forth in the master bond resolution(s), which include additional bonds tests and a rate covenant.

Types of Debt

A. Bonds

The Board may issue bonds, which may be structured as:

1. **Fixed Rate Bonds** – Bonds that have an interest rate that remains constant throughout the life of the bond.
   - Serial Bonds
   - Term Bonds
   - Capital Appreciation Bonds

2. **Variable Rate Bonds –** Bonds which bear a variable interest rate but do not include any bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. Provision as to the calculation or change of variable interest rates shall be included in the authorizing resolution.

3. **Refunding Bonds** – Bonds constituting the whole or part of a Series of Bonds delivered on original issuance.

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B. Bank Notes and Short Term Debt

The Authority may issue short term debt. Such debt shall be authorized by the Board. Debt issued in a short-term mode may be used for any lawful purpose, including but not limited to the following:

1. To fund projects with an average useful life(s) of ten years or less;
2. To fund projects with total financing costs of less than ten million ($10,000,000);
3. To fund projects during the construction phase of a project; or
4. To fund cash flow deficits.

Debt Management Practices

A. Structure

The Board shall establish by resolution all terms and conditions relating to the issuance of debt and will invest all proceeds pursuant to the terms of the Board's authorizing resolution and the Authority's investment policy.

1. **Term**
   The term of any debt (including refunding debt) used to purchase or otherwise obtain or construct any equipment, goods, or structures shall have a reasonably anticipated lifetime of use equal to or greater than the average useful life of the project.

2. **Capitalized Interest**
   From time to time certain financings may require the use of capitalized interest. Interest may be financed (capitalized) through a period permitted by federal law and it is determined that doing so is beneficial to the financing of the project.

3. **Debt Service Structure**
   The Authority should generally strive to avoid use of bullet maturities; unless it is advantageous to the Authority to do so. This does not include term bonds with sinking fund requirements.

4. **Call Provisions**
   Call features should be structured to provide the maximum flexibility relative to cost. The Authority will avoid the sale of long-term non-callable bonds absent careful evaluation with respect to the value of the call option.

5. **Original Issuance Discount/Premium**
   Bonds sold with original issuance discount/premium are permitted with the approval of the Board.

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B. Refinancing Outstanding Debt

The Chief Financial Officer shall have the responsibility to analyze outstanding bond issues for refunding opportunities and make recommendations for refinancing to the Board. The Board will consider the following issues when analyzing possible refunding opportunities:

1. **Debt Service Savings**
   The bonds will be considered for refunding when:
   - The refunding of the bonds to be refunded results in aggregate present value savings;
   - The refunding of the bonds is necessary due to a change in private/public use of a project that would cause a need to change the tax status of the Bonds; or
   - The refunding would eliminate risk exposure, such as a risk of higher future interest rates or increased financing costs;
   - The refunding is primarily for restructuring purposes; or
   - The Board confirms the receipt of the certification of the Chief Financial Officer or the Financial Advisor and determines that the refunding of the bonds to be refunded accomplishes cost savings.

2. **Term of Refunding Issues**
   It is the Board's general intent to refund bonds within the term of the originally issued debt (i.e., the backloading of debt is generally discouraged). In the event the bonds are not refunded within the term of the originally issued debt, management shall provide the Board an explanation detailing the purposes for extending the term of the debt. Permissible explanations might include extending the debt term to improve coverage ratios and credit ratings, to combine refunding opportunities with the issuance of new debt or to restructure debt.

3. **Escrow Structuring**
   The Authority should consider the least costly securities available in structuring refunding escrows, seek competitive bids on a selected portfolio of securities and award to the lowest cost provider, whenever it is in the best interest of the Authority. The provider must guarantee the delivery of securities. Substitution of securities will either be permitted or not. Under no circumstances shall an underwriter, agent or financial advisor sell escrow securities to the Authority from its own account.

   In the event of a current refunding for savings, the level of economic savings shall be determined, and on the sale date, certified by the Chief Financial Officer or the Financial Advisor.

C. Methods of Sale

The Authority is free to choose the method of sale, but should make a selection that is in the best interest of the Authority Most revenue bonds issued by airport authorities are sold by means of negotiated sales as the result of the need to explain the credit to the

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market and the rating agencies. The Authority shall use the following guidelines for each method of sale.

1. **Competitive –** In a competitive sale, the bonds shall be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale.

2. **Negotiated –**In a negotiated sale, the underwriter(s) will be chosen through a Request for Qualification (RFQ) process and the interest rate and underwriter's fees are negotiated prior to the sale. The factors to be considered for a negotiated sale include the following:

   · Volatility of market conditions
   · Size of the bond sale
   · Credit strength
   · Whether the bonds are issued as variable rate demand obligations

3. **Private Placement**
   From time to time the Authority may elect to privately place its debt. Such placement may be considered if this method is demonstrated to result in a cost savings relative to other methods of debt issuance or is otherwise in the best interest of the Authority.

D. Underwriter Selection (Negotiated Transaction)

1. Senior Management Selection – The Chief Financial Officer, with assistance of the Financial Advisor, shall select the senior manager for a proposed negotiated sale. In the absence of a Financial Advisor, the Chief Financial Officer shall appoint an evaluation team to assist in the selection. The selection criteria shall include, but not be limited to the following:

· Ability and experience in managing complex transactions similar to the proposed financing;
· Prior knowledge and past experience with the Authority;
· Willingness to risk capital and demonstration of such risk;
· Quality and experience of personnel assigned to the engagement;
· Financing ideas presented; and
· Underwriting fees.

2. Co-Manager Selection – Co-managers will be selected on the same basis as the senior manager. The number of co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of the bonds. The Chief Financial Officer will affirmatively determine the designation policy for each bond issue.

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3. **Selling Groups –** The Board may use selling groups in certain transactions. To the extent that selling groups are used, the Chief Financial Officer may make appointments to selling groups as the transaction dictates.

4. **Underwriter's Counsel –** In any negotiated sale of the Authority's debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager with input from the Chief Financial Officer and the Chief Legal Officer of the Authority.

5. **Underwriter's Discount –** Management should evaluate the proposed underwriter's discount in comparison to other issues in the market. If there are multiple underwriters in the transaction, the Chief Financial Officer will determine the allocation of fees with respect to the management fee, if any. The determination will be based upon participation in the structuring phase of the transaction. All fees and allocation of the management fee will be determined prior to the sale date; a cap on management fee, expenses and underwriter's counsel will be established and communicated to all parties. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

6. **Evaluation of Underwriter Performance –** The Chief Financial Officer, with assistance of the Financial Advisor, will evaluate each bond sale after completion to assess the following: costs of issuance including the underwriter's compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credit.

   Following each sale, the Chief Financial Officer, with the assistance of the Financial Advisor, should provide a report to the Board on the results of the sale.

E. Credit Quality

The Authority's debt management activities will be conducted to receive the highest credit ratings possible, consistent with its financing objectives. The Chief Executive Officer and Chief Financial Officer will be responsible for maintaining relationships and communicating with the rating agencies that assign ratings to the Authority's debt. The Chief Financial Officer will provide the rating agencies with periodic updates of the general financial condition of the Authority. Full disclosure of operations and open lines of communication shall be maintained with the rating agencies. The Chief Financial Officer, together with the Financial Advisor, shall prepare and make presentations to the rating agencies to assist credit analysts in making an informed decision. The Chief Financial Officer should consider scheduling in-person meetings with rating agencies at least once a year or more often as conditions warrant.

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G. Credit Enhancements

The Authority should consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus the cost. The Authority may consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

1. Bond Insurance

The Authority may purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds. The Authority should solicit quotes for bond insurance from interested parties.

2. Letters of Credit

The Authority may enter into a letter-of-credit (LOC) agreement when such an agreement is deemed prudent and advantageous. The Authority will prepare and distribute a request for qualifications to qualified banks or other qualified financial institutions which includes terms and conditions that are acceptable to the Board.

3. Liquidity

For variable rate debt requiring liquidity facilities to protect against remarketing risk, the Authority will evaluate:

- Alternative forms of liquidity, including direct pay letters of credit, standby letters of credit, and line of credit, in order to balance the protection offered against the economic costs associated with each alternative;
- Diversification among liquidity providers, thereby limiting exposure to any individual liquidity provider;
- All cost components attendant to the liquidity facility, including commitment fees, standby fees, draw fees, and interest rates charged against liquidity draws; and
- A comparative analysis and evaluation of the cost of external liquidity providers compared to the requirements for self liquidity; and

H. Use of Structured Products

Interest rate agreements or forward purchase agreements will be considered on a case-by-case basis, after assessing the risks attendant with each agreement before the transaction is considered.

I. Risk Assessment

The Authority will evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The Authority will evaluate all proposes transactions for consistency with the objectives and

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constraints defined in this Policy. The following risks should be assessed before issuing debt:

1. **Change in Public/Private Use –** The change in the public/private use of a project that is funded by tax-exempt funds could potentially cause a bond issue to become taxable.
2. **Default Risk –** The risk that debt service payments cannot be made by the due date.
3. **Liquidity Risk –** The risk of having to pay a higher rate to the liquidity provider in the event of a failed remarketing.
4. **Interest Rate Risk –** The risk that interest rates will rise, on a sustained basis, above levels that would have been set if the issued had been fixed.
5. **Rollover Risk –** The risk of the inability to obtain a suitable liquidity facility at an acceptable price to replace a facility upon termination or expiration of a contract period.
6. **Credit Risk –** The risk that an issuer of debt securities or a borrower may default on his obligations by failing to repay principal and interest in a timely manner.

J. Continuing Disclosure

In complying with U.S. Securities and Exchange Commission Rule 15c2-12 related to notice of competitive sales, the Authority will provide certain financial information and operating data by specified dates and will provide notice of certain enumerated events with respect to the bonds, if material. Such material events include:

- Principal and interest payment delinquencies
- Nonpayment-related defaults
- Unscheduled draws on credit enhancements
- Substitution of credit or liquidity providers or the failure of performance on the part of a liquidity provider
- Adverse tax opinions or events affecting the tax-exempt status of any bonds
- Modifications to rights of bond holders
- Bond calls
- Defeasances
- Matters affecting collateral
- Rating changes

K. Transparency

The Authority shall comply with the Tennessee Open Meetings Act, providing adequate public notice of meetings and specifying on the agenda when matters related to debt issuance will be considered. Additionally, in the interest of transparency, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens in a timely manner

Within a reasonable period of closing on a debt transaction, the debt service schedule outlining the rate of retirement of the principal amount shall be made available to the public.

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This may be accomplished by press release, publication in the Authority's comprehensive annual financial statement (CAFR), posting to the Authority's website or by other means intended to disclose this information to the general public.

L. Professional Services

The Board requires all professionals engaged to assist in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the Board. This includes "soft" costs or compensations in lieu of direct payments.

1. **Counsel –** The Authority will enter into an engagement letter agreement with each lawyer or law firm representing it in a debt transaction. No engagement letter is required for any lawyer who is an employee of the Authority or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Authority. No engagement letter is required for counsel not representing the Authority, such as underwriters' counsel.
2. **Bond Counsel –** Bond counsel is contracted by the Authority serves to assist it in all its debt issues.
3. **Financial Advisor –** The financial advisor is contracted by the Authority and serves and assists on financial matters. The Authority shall approve the written agreement with the firm serving as financial advisor in debt management and transactions. The financial advisor shall not be permitted to bid on or underwrite an issue for which they are or have been providing advisory services.
4. **Underwriter -** If there is an Underwriter, the Underwriter is to clearly identify themselves 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 financial advisor from the earliest stages of its relationship with the Authority 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 Authority. 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 Authority in advance of the pricing of the debt.

M. Potential Conflicts of Interest

Professionals involved in a debt transaction hired or compensated by the Authority shall be required to disclose to the Authority any existing client or business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Authority to appreciate the significance of the relationships. Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any

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rule or regulation of professional conduct.

Balloon Indebtedness

This section addresses issuance by the Authority of bonds that might be classified as "balloon indebtedness" as defined by Public Chapter 766, Acts of 2014. In general, balloon indebtedness (also referred to herein as "balloon debt") is a financing in which a large percentage of the total principal of the issue matures in one or several years, usually in the later years of the financing, as opposed to the principal payments being spread more evenly over the life of the debt or if the term of the debt is longer than 30 years. Such a balloon debt structure can result in a significant increase in the annual debt service on such an issue during the years that the larger principal amounts are payable.

The Authority recognizes that balloon indebtedness generally is not in the public interest and, in the absence of the reasons described below, the Authority does not support the issuance of balloon debt for the following reasons:

- It can reduce the Authority's future capacity to issue debt
- It can reduce the Authority's financial flexibility to meet its future needs
- It is likely to be viewed negatively by the rating agencies and investors

Nevertheless, balloon indebtedness can be beneficial to the Authority in certain circumstances, particularly when reviewed in the overall context of all of the Authority's outstanding debt. The following examples provide two situations in which the Authority may consider the issuance of debt structured in a manner that would be classified as "balloon indebtedness" under Tennessee law. It should be noted that these examples specifically do not include a goal of simply delaying the repayment of principal on an issue for an extended period of time. Situations where balloon debt may be considered include, but are not limited to, the following:

1. In the case of issuing new bonds to fund capital projects, the balloon debt structure would enable the Authority to structure the debt service in a manner which will contribute to maintaining a stable and predictable level of airline rates and charges.

2. In the case of a refunding issue, the principal payments on the refunding bonds are scheduled to occur in the same years as the principal payments on the refunded bonds, and the average life of the refunding bonds will be the shorter than the average remaining life of the bonds to be refunded and the debt service savings resulting from the refunding will be approximately level during the principal repayment period of the refunding bonds.

In cases such as described above where issuance of balloon indebtedness could be beneficial, and the Authority considers the issuance of debt structured as balloon indebtedness as defined under Tennessee law, the Authority will determine if it is in the public's best interest to issue such balloon indebtedness. In that regard, the Authority will ensure that any projected revenues used to secure the debt will:

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- Be sufficient to pay for the debt being considered
- Be sufficient to pay all of its other operating expenses and outstanding debt service secured by the same projected revenues; and
- Not hinder the Authority's ability to fund future capital needs or to fund future debt service in a level debt service structure

The Authority will also consider:

- The possible reduction of the Authority's future debt capacity within the current projected revenue stream; and
- The flexibility to use future revenues for other purposes

If the Authority's staff determines that is in the public best interest to issue balloon debt, the Authority's Chief Financial Officer will prepare and submit a Plan of Balloon Indebtedness requesting approval from the Office of State and Local Finance in accordance with T.C.A. Section 9-21-134. The information related to the balloon debt will also be included in his/her staff analysis to the Authority's Finance, Administration and Properties Committee and Board for consideration.

Debt Administration

A. Planning for Sale

1. Prior to submitting a bond resolution for approval, the Chief Financial Officer, with assistance of the financial advisor, will present to the Board the purpose of the financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team, and an estimate of all the costs associated with the financing, and/or;
2. In the case of a proposed refunding, proposed use of credit enhancement, or proposed use of variable rate debt, the Chief Financial Officer will present the rational for using the proposed debt structure, an estimate of the expected savings associated with the transaction or the other reasons for undertaking the refunding and a discussion of the potential risks associated with the proposed structure, and/or;
3. The Chief Financial Officer, bond counsel, financial advisor, along with other members of the financing team will prepare a Preliminary Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

B. Post Sale

1. The Chief Financial Officer will present a post sale report to the members of the Board describing the transaction and setting forth all the costs associated with the transaction.

2. The financial advisor will provide a closing memorandum with written instructions on

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transfer and the flow of funds.

3. The Chief Financial Officer will establish guidelines and procedures for tracking the flow of all bond proceeds, as defined by the Internal Revenue Code, over the life of bonds reporting to the IRS all arbitrage earnings associated with the financing and any tax liability that may be owed.
4. The Chief Financial Officer, bond counsel, financial advisor, along with other members of the financing team will prepare an Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

C. Arbitrage

Compliance with arbitrage requirements on invested tax-exempt bond funds will be maintained. Proceeds that are to be used to finance construction expenditures are exempted from the filing requirements, provided that the proceeds are spent in accordance with requirements established by the IRS. The Authority will comply with all of its tax certificates for tax-exempt financings by monitoring the arbitrage earning on bond proceeds on an interim basis and by rebating all positive arbitrage when due, pursuant to Internal Revenue Code Section 148. The Authority currently contracts with an arbitrage consultant to prepare these calculations, when needed. The Authority will also retain all records relating to debt transactions for as long as the debt is outstanding, plus three years after the final redemption date of the transaction.

D. Investment of Proceeds

Any proceeds or other funds available for investment by the Board must be invested pursuant to the Authority's Treasury Investment policy.

Review of the Policy

The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt. The Board maintains the right to modify these guidelines and may make exceptions to any of them at any time to the extent that the execution of such debt achieves the Board's goals.

This policy will be reviewed by the Chief Financial Officer periodically and as part of the debt issuance process. At that time, the Chief Financial Officer will present any recommendations for any amendments, deletions, additions, improvement or clarification to the Board.

References

- Public Chapter 174 of the Public Acts of the 86th General Assembly of the State of Tennessee, 1969 Session
- Tennessee Code 42-4-109(a)
- Generally Accepted Accounting Principles (GAAP)
- U.S. Securities and Exchange Commission Rule 15c2-12

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- Tennessee Open Meetings Act
- Internal Revenue Code Section 148
- MNAA Treasury Investment Policy 41-007

Revision History

11/28/11: Last Revision
10/16/19: Amended per MNAA Resolution No. 2019-19, to approve an updated Debt Management Policy to permit the issuance of balloon indebtedness
07/22/20: Amended per MNAA Resolution No. 2020-05 to include credit maintenance provisions to include credit maintenance provisions that reflect the Authority's additional internal goals related to debt service coverage and days cash on hand to memorialize the Authority's commitment to strive to maintain its financial strength

Approvals

DocuSigned by:
Marge Basrai 11/17/2020
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Marge Basrai, Chief Financial Officer **Date**

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Cindy Barnett 11/17/2020
318922EF2C7845B...
Legal Counsel **Date**