EXHIBIT A

Hamilton County
Debt Management Policy

Adopted

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Introduction

To maintain a high quality debt management program, Hamilton County (the "County") has adopted the guidelines and policies set forth in this document titled "Debt Management Policy" (the "Policy"). The purpose of creating the Policy is to establish and codify the objectives and practices for debt management for the County and to assist all concerned parties in understanding the County's approach to debt management.

The Policy is intended to guide current and future decisions related to debt issued by the County while managing debt levels and their related annual costs within both current and projected available resources. This Policy promotes transparency for our citizens, taxpayers, rate payers, businesses, vendors, investors and other interested parties.

This Policy has benefited from a number of sources including the County's existing practices and procedures, similar efforts by other municipalities, national credit rating agency guidelines, national and industry best practices employed by high performing public entities and from the County's financial advisor's experience in the development and implementation of financial and debt management policies for its clients. The Policy has also been guided by the policies and practices reflected in the County's financial planning, management, budget, and disclosure documents.

Since the guidelines contained in the Policy require regular updating in order to maintain relevance, to adhere to changes in legislation and to respond to the changes inherent in the capital markets, the County plans to periodically review the Policy. The County has the right to waive or modify any of the policies included herein; however such modifications must be approved by the Mayor and the Hamilton County Commission ("Mayor and Board").

Policy Statement

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

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

Goals & Objectives

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

This Policy formally establishes parameters for issuing debt and managing a debt portfolio which considers the County's specific capital improvement needs; ability to repay financial obligations; the existing legal, economic, and financial and debt market conditions. Specifically, the policies outlined in this document are intended to assist in the following:

- To guide the County and its managers in debt issuance decisions related to types of debt and the professionals hired by the County during the debt issuance process
- To promote sound financial management
- To protect and enhance the County's credit rating
- To ensure the legal use of the County's debt issuance authority
- To promote cooperation and coordination with other stakeholders in the financing and delivery of services
- To evaluate debt issuance options (new debt and refinancing of existing debt)
- To avoid conflicts of interest

Debt Authorization

Tenn. Code Ann. §Title 9, Chapter 21, inclusive of the laws of the State of Tennessee provides that debt may be issued by Tennessee counties. Hamilton County will comply with all State laws and regulations regarding debt issuance.

Credit Quality and Credit Enhancement

The County's debt management activities will be conducted to receive the highest credit ratings possible, consistent with the County's financing objectives. The Administrator of Finance will be responsible for maintaining relationships and communicating with the rating agencies that assign ratings to the County's debt. The Administrator of Finance will provide the rating agencies with periodic updates of the general financial condition of the County. Full disclosure and open lines of communication shall be maintained with the rating agencies. The County, together with its financial advisor, shall prepare presentations to the rating agencies to assist credit analysts in making informed decisions about the County's creditworthiness. The Administrator 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 Administrator of Finance is responsible for communicating the rating process and outcomes to the Mayor and Board.

The County will consider the use of credit enhancements (bond insurance, letters of credit, etc.) 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.

Bond Structure

The County shall establish all terms and conditions relating to the issuance of bonds. Unless otherwise authorized by the County, the following shall serve as bond requirements:

1. **Term**. All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements.

2. **Capitalized Interest**. From time to time certain financings may require the use of capitalized interest from the issuance date until the County has beneficial use and/or occupancy of the financed project. Interest shall not be funded (capitalized) beyond three (3) years or a shorter period if further restricted by statute.

3. **Debt Service Structure**. Debt issuance shall be planned to achieve at least relatively level debt service for an individual bond issue, while still matching debt service to the useful life of facilities. To further strengthen the County's debt profile, the County will utilize a level principal structure when possible. The County shall avoid the use of 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** The County will strive to sell securities with a call feature, which is no later than ten (10) years from the date of delivery of the bonds.

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

Debt Structure

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

Types of Debt

1. **General Obligation Bonds.** The County may issue general obligation bonds supported by the full faith and credit of the County. The County 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 County 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.

3. **Capital Leases.** The County may use capital leases to finance short-term projects.

4. **Commercial Paper**. The County may use Commercial Paper (Bond Anticipation Notes) as a form of interim financing

Duration

1. **Long-Term Debt.** The County 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.

2. **Short-Term Debt.** Short-term borrowing may be utilized for 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) *Capital Outlay Notes* may be issued in accordance with state statutes.

   b) *Bond Anticipation Notes (BANs)* may be issued in accordance with state statutes.

   c) *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.

   d) *Lines of Credit* shall be considered as an alternative to other short-term borrowing options.

Interest

1. **Variable Rate Debt.** To maintain a predictable debt service burden, the County has a preference to debt that carries a fixed interest rate. The County, however, may consider variable rate debt. The percentage of net variable rate debt outstanding (excluding an amount of debt considered to be naturally matched to short-term assets in the Unreserved Fund Balance) shall not exceed 30% of the County's total outstanding debt.

2. **Interest Rate Swap**. The County will avoid the use of interest swap agreements.

3. **Fixed Rate Debt.** The County will strive to issue debt in a fixed rate mode.

Refinancing Outstanding Debt

The Administrator of Finance with assistance from the County's financial advisor shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The County will consider the following issues when analyzing possible refunding opportunities:

1. **Debt Service Savings**. The County will evaluate refunding opportunities and will strive to achieve present value savings of 3% of the refunded bond principal amount taking into consideration the projected value of any call options and net of all costs related to the refinancing.

   If present value savings is less than 3%, the County, along with the financial advisor, may consider other alternative measures to quantify the value of the refunding opportunity. However, pursuant to Tenn. Code Ann. § 9-21-903, the County shall submit its plan of refunding to the state director of local finance for review.

2. **Restructuring**. The County will refund debt when it is in the best financial interest of the County.

3. **Term of Refunding Issues**. The County will refund bonds within the term of the originally issued debt. However, the County may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. The County may also consider shortening the term of the originally issued debt to realize greater savings.

4. **Escrow Structuring**. The County will strive to utilize the most efficient securities available in structuring refunding escrows. However, the County will also consider the costs and risks associated with such securities. 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 County from its own account.

5. **Arbitrage**. The County shall comply with Federal arbitrage regulations.

Methods of Issuance

The County will determine the method of issuance on a case-by-case basis.

1. **Competitive Sale**. Pursuant to Tenn. Code Ann. § 9-21-203, the County shall use a competitive sale method of issuance for all general obligation new money transactions.

2. **Negotiated Sale**. Pursuant to Tenn. Code Ann. § 9-21-302 & § 9-21-910, the County may sell revenue or refunding bonds at a private negotiated sale. While the County prefers the use of a competitive process, the County recognizes that some securities are best sold through negotiation. In its consideration of a negotiated sale, the County shall assess the following circumstances (only applicable to revenue or refunding bonds):

a) A structure which may require a strong pre-marketing effort such as a complex transaction or a "story" bond

b) Size of the issue which may limit the number of potential bidders

c) Market volatility is such that the County would be better served by flexibility in timing a sale in a changing interest rate environment

d) Whether the bonds are issued as variable rate demand obligations

e) Whether an idea or financing structure is a proprietary product of a single firm

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

Underwriter Selection (Negotiated Transaction)

If there is an underwriter, the County shall require the underwriter(s) 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 financial advisor from the earliest stages of its relationship with the County 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 County.

Underwriter's Counsel. In any negotiated sale of County debt in which legal counsel is required to represent the underwriter, the appointment will be made by the underwriter with approval from the Administrator of Finance and the County Attorney.

Underwriter's Discount. The Administrator of Finance, with the assistance of the financial advisor, will evaluate the proposed underwriter's discount against comparable issues in the market. If there are multiple underwriters in the transaction, the Administrator of Finance will determine the allocation of fees, if any, with respect to the management fee. 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 by the Administrator of Finance. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

If there is no financial advisor, the underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to the takedown per maturity to the County in advance of the pricing of the debt.

Financial and Legal Professionals

Selection of Financial and Legal Professionals. The Administrator of Finance will make recommendations on selection of the financial advisor, bond counsel and underwriters (underwriter selection only applicable in a negotiated sale) to the Mayor and Board. The County will enter into a written engagement agreement with each financial and legal professional representing the County in debt transactions.

Financial Advisor. The County shall select a financial advisor (or advisors) to assist in its debt issuance and debt administration processes. The County will enter into a written agreement with each person and/or firm serving as financial advisor(s) in debt management.

Whether in a competitive or negotiated sale, the financial advisor shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance.

Bond Counsel. County debt will include a written opinion by legal counsel affirming that the County is authorized to issue the proposed debt, that the County has met all legal requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by counsel with extensive experience in public finance and tax issues. The Administrator of Finance, along with the County Attorney, will make a recommendation on selection of bond counsel with final approval provided by the Mayor and Board. The County will enter into a written agreement with each person and/or firm serving as bond counsel(s) in debt transactions.

Conflict of Interest. The County requires that its financial and legal professionals provide objective advice and analysis, maintain the confidentiality of County financial plans, and be free from any conflicts of interest.

Disclosure by Financial and Legal Professionals. Financial and legal professionals involved in a debt transaction hired or compensated by the County shall be required to disclose to the County existing client and business relationships between and among the professionals to a transaction as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the County 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 rule or regulation of professional conduct.

The County 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 County and the lender or conduit issuer, if any. This includes "soft" costs or compensation in lieu of direct payments.

Transparency

The County shall comply with legal requirements for notice and for public meetings specifying on the Board agenda when matters related to debt issuance will be considered. In the interest of transparency, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens, the Mayor and Board and other stakeholders in a timely manner. This information will be provided to the Mayor and Board through the State Form No. CT-0253 (Report on Debt Obligation).

Continuing Disclosure Compliance

At the time debt is issued, the County will execute a Continuing Disclosure Agreement (required by SEC Rule 15c2012) in which it will covenant for the benefit of holders and beneficial owners of the publically traded debt to provide certain financial information relating to the County to each Municipal Securities Rulemaking Board ("MSRB") via Electronic Municipal Market Access ("EMMA") no later than 270 days after the end of each of the County's fiscal years and provide notice of the occurrence of any of the following material events:

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults
3. Unscheduled draws on bond-related reserves
4. Unscheduled draws on credit enhancements
5. Substitution of credit or liquidity providers or the failure of performance on the part of a liquidity provider
6. Adverse tax opinions or events affecting the tax-exempt status of any bonds
7. Modifications to rights of bond holders
8. Bond calls
9. Defeasances
10. Matters affecting collateral
11. Rating changes

Debt Policy Review

The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt. The County 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 transaction achieves County goals.

This policy will be reviewed periodically in order to maintain relevance, to adhere to changes in legislation and to respond to changes in the capital markets.