

Blount County Purchasing / Budget Committee

March 2, 2010 5:30 pm

Committee Members:

Jerry Cunningham, John Keeble, Mike Lewis, Kenneth Melton & Steve Samples

- A. ROLL CALL**
- B. DISCUSSION / POSSIBLE ACTION REGARDING**
 - 1. Consideration of proposals submitted for Blount County Financial Advisor
- C. ADJOURN**

February 11, 2010

Re: Financial Advisor Services for Blount County Government
RFQ #2009-2045

Dear :

Blount County, Tennessee, is seeking qualified applicants to serve as financial and/or swap advisor for the purposes of evaluating and possibly refinancing certain outstanding debt. You are invited to present your qualifications in a short telephone interview on the morning of February 18, 2010. To help you prepare, you will find background information about Blount County below and questions you will be asked about your experience and credentials.

Background

Below is a partial list of Blount County's outstanding debt. For complete information, please refer to the audit dated June 30, 2009 and available online at <http://www.comptroller1.state.tn.us/repository/CA/2009/blount.pdf>. If you require additional documentation, please contact Allen Rippetoe: arippetoe@blounttn.org or by telephone (865) 273-5700.

Blount Co Public Building Authority (Taxable Fixed Rate) Series B-10-A
CUSIP: 095175LC7.

Blount Co Public Building Authority Series 2000 CUSIP 095175CD5 Variable Rate bonds. Interest rate as of June 30, 2009: 5.75%; associated annual fees approximately .375%.

Blount Co Public Building Authority Series B-16-A CUSIP 095175PM1 Fixed Rate bonds.

Blount Co Public Building Authority Series E-1-A CUSIP 095175QJ7 Variable Rate bonds. Interest rate as of June 30, 2009: .9%; associated annual fees approximately .50%.

Blount Co Public Building Authority Series B-17-A CUSIP 095175QW8 Fixed rate bonds. As of June 30, 2009, \$993,885 was available for future draws under this loan agreement.

Blount Co Public Building Authority Series E-3-B CUSIP 095175QZ1 Variable Rate bonds. Interest rate as of June 30, 2009 .31%; associated annual fees approximately .75%. Bonds are associated with a swap agreement making effective interest rate as of June 30, 2009 2.749% exclusive of annual fees.

Blount Co Public Building Authority Series E-5-A CUSIP 095175RP2 Variable Rate bonds. Interest rate as of June 30, 2009 .23%; associated annual fees approximately .64%.

Bonds are associated with two swap agreements making the effective interest rate as of June 30, 2009, 1.754% for a portion of the bonds and 2.023% for the remainder, exclusive of annual fees.

Blount Co Public Building Authority Series B-18-A CUSIP 095175TA3 Fixed Rate bonds. Bonds are associated with two swap agreements making the effective interest rate on a portion of the bonds of 4.79% and the effective interest rate on the remainder of the bonds of 5.153%.

Questions:

Please describe your background, experience and credentials.

Please describe the background, experience and credentials of your firm including regulatory status (i.e. broker-dealer, dealer bank).

Have you or any employees of your firm ever been investigated or questioned by any regulatory body or law enforcement agency regarding your firms' practices or those of your current and former associates?

Please describe what you think a financial advisor's role to be for Blount County.

Please describe how you avoid conflicts of interest and perceived conflicts of interest. Describe any fee sharing, fee splitting, payments to third party consultants not retained by Blount County or other contractual relationships that may affect your ability to provide independent, disinterested advice.

Have you ever worked on refinancing of variable rate to long term debt that involved a swap agreement? If so, what recommendation did you make?

Have you ever worked with an independent swap advisor and if so, who?

Please provide detailed plan of approach (including major tasks that shall be completed).

While Blount County would prefer to handle this refinancing through competitive public sale, we understand that there may be factors that make that approach less appealing. Please provide an assessment of those factors, if any that may exist.

If Blount County were to consider refinancing through a negotiated transaction, will you wish to resign as financial advisor and apply for the role as underwriter?

Please provide estimated costs associated with your recommended approach.

Please provide estimated fees for your services and whether or not you require payment on a retainer basis or as part of underwriting costs.

Please provide an estimated financing schedule including closing date.

Please provide three (3) references that can attest to your qualifications, character and reputation.

If you are interested in participating in an interview, please contact Teresa Johnson at (865) 273-5740, to schedule your short telephone interview for the morning of Thursday, February 18, 2010.

Blount County would like to make a recommendation for financial advisor services no later than March 18, 2010.

We appreciate your timely response and thank you in advance for your interest in Blount County.

Sincerely,

Steve Samples
Blount County Commission

Teresa Johnson
Purchasing Agent for Blount County, TN

RESPONSE TO
REQUEST FOR
QUALIFICATIONS

FINANCIAL ADVISOR SERVICES
FOR
BLOUNT COUNTY, TENNESSEE

FEBRUARY 18, 2010

MORGAN KEEGAN & COMPANY, INC.

JOSEPH K. AYRES
MANAGING DIRECTOR
11400 PARKSIDE DRIVE
SUITE 110
KNOXVILLE, TN 37934
865-777-5840

Please describe your background, experience and credentials.

Primary Team**Joseph K. Ayres
Managing Director**

Mr. Ayres, a graduate of the University of Tennessee with a Bachelor of Science degree in Finance, began his investment banking career in 1982. Over the last 28 years, he has served as an investment banker and financial advisor to municipalities, counties, hospitals, utilities and authorities throughout the Southeast. He specializes in the municipal public finance area and is active in the structuring and sale of both revenue and general obligation issues for the firm. Mr. Ayres has been responsible for structuring over twenty (20) billion dollars of financings for many different types of bonds ranging from hospitals, schools, advance refunding, water, sewer, gas, electric, multi-family housing and industrial bonds to complex variable rate student loan financings. Mr. Ayres is a Registered General Securities Representative, General Securities Principal and General Securities Financial and Operations Principal with the National Association of Securities Dealers (NASD) and the Securities Exchange Commission (SEC).

**Scott P. Gibson
First Vice President**

Mr. Gibson is a First Vice President in the Public Finance area of Morgan Keegan's Fixed Income Banking Department. He joined Morgan Keegan in 1995 after graduating from the University of Tennessee's MBA Program in Knoxville, Tennessee. Among his clients, he has created financial planning models for Knox County, TN, Knoxville, TN, the Knoxville Utilities Board, Bradley County, TN, Roane County, TN, Sevier County, TN, Pigeon Forge, TN, Gatlinburg, TN, Bristol, TN, Johnson City, TN, the Northwest TN Regional Port Authority, the West Knox Utilities District and the Metro Knoxville Airport Authority. His services to municipalities have included debt structuring, asset-liability matching, fixed-variable rate debt management, debt capacity analysis and policy and procedure development. Mr. Scott Gibson has advised communities throughout Tennessee on more than \$15 billion in financings. Mr. Gibson is a Registered General Securities Representative with the National Association of Securities Dealers (NASD) and the Securities Exchange Commission (SEC).

**Christopher C. Bessler
First Vice President**

Mr. Bessler joined Morgan Keegan in 1999 shortly before graduating from the University of Tennessee with a Bachelor of Science degree in Finance. Over the last 11 years, he has been involved in the structuring and sale of both revenue and general obligation issues for the firm. Mr. Bessler has worked on hundreds of fixed and variable rate financings for many different types of bonds ranging from hospitals, schools, current and advance refundings, water, sewer, gas, electric, telecom, airports and tax increment financings. Mr. Bessler also has extensive experience in the use of various synthetic financing tools. He analyzes swap opportunities, prices and negotiates swap agreements, and structures and analyzes other derivative products, including caps, floors, collars, and synthetic refundings. Mr. Bessler has also executed various transactions related to the investment needs of issuers, including escrow funds, construction funds, capitalized interest funds and debt service reserve funds. In this role, he acted as bidding agent for investment agreements such as a guaranteed investment contracts, forward purchase agreements, or the purchase of open market securities. Mr. Bessler is a Registered

General Securities Representative with the National Association of Securities Dealers (NASD) and the Securities Exchange Commission (SEC).

Please describe the background, experience and credentials of your firm including regulatory status (i.e. broker-dealer, dealer bank)

Cumberland Securities, Division of Morgan Keegan & Company, Inc. ("Morgan Keegan"), a 77-year-old Knoxville-based company, has been providing financial advisory and investment banking services to Blount County, Tennessee (the "County" or "Blount County") for over 25 years. For many years, our firm has consistently provided the largest number of utilities, cities and counties in the State of Tennessee with investment banking services.

We are now a part of Morgan Keegan/Regions Financial Corp., the 12th largest financial services company in the United States. Morgan Keegan & Company, Inc maintains its status as a Broker-dealer regulated by FINRA, SIFMA and the SEC while Regions Financial is the financial holding company for Regions Bank. Members of our firm have been active participants in the Tennessee municipal bond market for many years. Thus, we have been doubly proud to provide our timely, creative professional advice to the County on numerous occasions over the years. We are confident that our service and commitment to the County has been quite beneficial and allowed Blount County to continue to be on the cutting edge as new techniques, opportunities and strategies have emerged in the public finance field. We believe those qualities have allowed us to be successful not only for Blount County, but also for over 150 other Tennessee jurisdictions that have retained us as their Investment Banker in recent years.

Blount County and our other clients have made Morgan Keegan Tennessee's leading Investment Banking firm over the last twenty years.

Our highly dedicated and experienced professionals can provide a wide range of services as outlined herein in the Scope of Services section. Additionally, our professionals have been recognized for their innovations and cutting edge strategies in public finance to Blount County and other utilities and municipalities across the State of Tennessee with sound and effect advice in the municipal debt market. No other firm can rival the experience and knowledge of our firm in Tennessee as it relates to municipal financing and the legal issues related thereto, nor our knowledge of general obligation, school, public infrastructure, public power, water and sewer, as well as specialty municipal finance areas.

Morgan Keegan has extensive experience structuring, underwriting and advising municipalities throughout Tennessee and the Southeastern United States on thousands of fixed and variable rate bond issues as evidenced by the number of transactions we have completed for issuers in the State of Tennessee. A list of the 2005 to 2009 transactions is included herein. Additionally, we have consistently been the number one (1) underwriter on municipal debt in the State of Tennessee and the South Central United States.

Morgan Keegan's Tennessee Underwriting

Year	Ranking	Volume (millions)	# Issues	Market Share (%)
2009	1	\$1,347.5	60	28.20%
2008	1	\$2,281.3	70	39.30%
2007	1	\$1,293.9	56	20.40%
2006	1	\$1,168.1	50	13.30%
2005	1	\$1,673.2	57	34.00%
2004	1	\$2,731.0	62	46.80%
2003	1	\$2,748.1	84	54.30%
2002	1	\$1,557.1	65	42.20%
2001	1	\$2,157.1	74	47.50%
2000	1	\$1,012.1	43	28.70%
1999	1	\$1,500.5	43	35.90%

South Central Ranking- 2009 (AL, AR, KY, LA, MS, TN)

Full to Book Runner (Equal if Joint)	Par Amount (US\$ mil)	Rank	Market Share	Number of Issues
Morgan Keegan & Company,	4,999.3	1	22.7	232
Morgan Stanley	3,099.8	2	14.1	31
Bank of America Merrill Lynch	1,568.4	3	7.1	21
Citi	1,176.6	4	5.4	13
J P Morgan Securities Inc	1,015.1	5	4.6	16
Stephens Inc	976.2	6	4.4	80
Barclays Capital	926.7	7	4.2	7
Goldman Sachs & Co	833.7	8	3.8	10
Crews & Associates Inc	652.3	9	3.0	81
Merchant Capital LLC	631.9	10	2.9	41

We believe that our fees are extremely competitive and that our services are unmatched as evidenced by being the leading Financial Advisor in the State of Tennessee in number of transactions since 1990.

Financial Advisor	Number of Issues
Morgan Keegan	514
PFM	307
J. C. Bradford*	205
First Tennessee	110
Suntrust Bank/Equitable	89
Sentinel Trust	79
Stephens, Inc.	142
Evenson-Dodge	34
Smith, Barney	29
All Others	247
	<hr/> 1756

*Ceased Operations

Morgan Keegan is actively involved in the municipal market on a day to day basis. We work extensively with the rating agencies, credit providers and other investment and commercial banks throughout the United States and in Europe. In years past, we suggested that it would be beneficial that the County aggressively push to have its ratings upgraded by Standard and Poor's and Moody's. Based on our extensive knowledge of the rating process we were able to assist the County through the process of obtaining a rating upgrade to "AA-" from "A+" from Standard and Poor's, a one notch upgrade. This has proven beneficial to the County in recent debt financings and will continue to be beneficial in the future.

Morgan Keegan has a very long history of providing financial advisory and investment banking services to counties and municipalities across the State of Tennessee, including Blount County, we would be honored to continue our service to the County and look forward to the opportunity of working with each of you again.

Have you or any employees of your firm ever been investigated or questioned by any regulatory body or law enforcement agency regarding your firms' practices or those of your current and former associates?

No one in Morgan Keegan's Tennessee Fixed Income Public Finance Group that reports to or works for Joseph K. Ayres, has ever been investigated or questioned by any regulatory body or law enforcement agency regarding our firm's practices. In the normal course of business, Morgan Keegan, as an extremely large New York Stock Exchange Broker-Dealer with hundreds of retail offices and thousands of employees is subject to routine regulatory investigations. Morgan Keegan co-operates fully with all regulatory requests. For a discussion of resolved disciplinary matters involving Morgan Keegan, we would direct your attention to the Form BD, a copy of which will be provided upon request. For a discussion of Morgan Keegan's material regulatory investigations and litigation and Form BD, please refer to Morgan Keegan's semi-annual Statement of Financial Condition, which is available on our website www.morgankeegan.com.

To the best of our knowledge, there are no regulatory matters or litigation pending that would jeopardize our Firm's ability to perform the requested services contemplated in this RFP.

Please describe what you think a financial advisor's role to be for Blount County

Some issuers require financial services beyond those activities directly related to the issuance of debt. Morgan Keegan is capable of offering a wide range of services. By virtue of our broker/dealer experience and the extensive knowledge that our staff members have in governmental jurisdiction investment and budgetary strategies, we also provide investment and planning advice to our financial advisory clients, as we have in the past for the County. Our wide range of capabilities will enable the County to achieve its financial goals for the present while preserving options for the future.

In order to provide cost-effective, innovative service to all of our clients, we have developed significant state-of-the-art computer capabilities, a team of highly trained research analysts, and a well-trained support staff. To facilitate meeting our client's needs, we have established close working relationships with major municipal bond law firms, many engineering and architectural firms, technical consultants, rating agencies and credit enhancers, as well as all major regulatory and professional bodies.

As part of our usual and customary financial advisory services, Morgan Keegan will perform, among others, the following services for the County.

- 1) **Capital Planning Assistance.** Upon specific request, Morgan Keegan will provide planning assistance to the County in the development of financing plans for capital needs. Typically, our analysis will consist of a review of the County's Annual Financial Report, an Analysis of the County's cash flow and debt management objectives, the annual operating budget and the County's five-year capital improvement program and budget. Team members assigned to the County have had extensive hands-on experience with the analysis, development, and implementation of such plans for the County and for other clients.

➤ **Evaluation of the Financing Plans and Financing Programs.**

Morgan Keegan utilizes the "team" approach in all financial advisory relationships. The extensive resources, specialization and knowledge of all our public finance staff is integrated into every financial advisory relationship. Our investment bankers participate in industry seminars and workshops, follow the ever-changing computer technology and remain informed and up to date on the complexities of municipal finance. This will allow us to keep the County informed of opportunities and innovations as well as potential favorable or detrimental legislative or regulatory changes.

➤ **Internet Bidding and Electronic POS**

Morgan Keegan has made wide use of advances in the electronic flow of information to provide our clients with superior service by being able to reach a national underwriting audience in a timely and efficient manner. Thomson Prospectus distributes, tracks, confirms delivery and opening of preliminary official statements in electronic form. Also, Thomson Prospectus is tied to the TM3 informational system that almost all underwriting firms have access to. This allows firms not on the original distribution list to see the transaction thus allowing them to become a potential bidder or member of a selling group and thus enabling the issuer to receive potentially lower interest rates. Over the last few years, Internet Bidding has also grown in use among many issuers. Internet bidding allows for more potential bids from underwriters due to its ease

of use, and also potentially lowers the issuer's overall cost of funds with the increased competition.

➤ Alternatives to Debt Issuance.

➤ Evaluation of financing alternatives other than bonds. As a financial advisor, Morgan Keegan views its most important role as providing financial advice that will assist our client in realizing the lowest possible interest costs available. In order to achieve this goal, we continually evaluate various alternatives that are available to finance projects for our clients.

i. Typical alternatives considered. As an innovator of creative funding programs, Morgan Keegan has analyzed or utilized a variety of financial techniques to secure financing for projects other than traditional bonds. Among the alternatives frequently analyzed for our clients are the following:

1. Current funds;
2. Long-term variable rate financing;
3. Lease purchases;
4. Capital Appreciation Bonds, Compound Interest Bonds or Zero Coupon Bonds;
5. Lease/Rental Bonds;
6. Tax Increment Bonds;
7. Certificates of Participation;
8. Synthetic Refundings, and
9. Interest Rate Swaps and Hedges.
10. Capital Outlay Notes

2) **Project Feasibility Studies.** Morgan Keegan has worked extensively with architects, engineers, consultants and other specialized feasibility personnel in the detailed development of project feasibility studies required for revenue-secured projects. As part of our initial assessment of all projects, our customary services include an analysis of all project components to assess their ability to be self-supporting or be supported by current or projected revenue streams of the Issuer.

3) **New Debt Structure and Sizing.** In order to STRUCTURE debt issues for the County, Morgan Keegan provides the following services as part of its normal financial advisory relationship:

➤ Analyze all outstanding indebtedness;

➤ If necessary, review all existing resolutions and documents to determine compliance with existing covenants and constraints on the issuance of additional debt;

- Analyze existing and/or projected revenue streams available for service debt;
- Determine the existing debt service coverages (revenue only) and/or potential for additional debt;
- If warranted, examine alternative security that could be pledged for the issue;
- Analyze and consult with the County on the advantages and disadvantages of advance refunding debt to determine the desirability of lowering interest rates or bringing about organizational changes;
- Determine the suitability of financing structure versus the life expectancy of all projects proposed for financing in accordance with the Internal Revenue Code of 1986, as amended (the "Code"), and
- Prepare a formal set of recommendations and/or alternatives for consideration by the County that would include security features, call provisions and other necessary items designed to make bonds attractive.

- 4) **Debt and Financial Resource Management.** Morgan Keegan has assisted clients in the development of debt management and fiscal management policies and guidelines, and we will be pleased to provide our experience and creativity to similar requirements of the County. In the absence of formal issuer policies, Morgan Keegan typically prepares and presents a concise written or oral review of issuer goals and objectives to the rating agencies, credit enhancement providers, or others for their use in analyzing issuer credit. As a part of the preparation of any disclosure document, we prepare numerous key debt ratios and, when appropriate, develop strategies to highlight favorable numbers or overcome deficiencies that may be evident.

Upon request, we will assist in the development of administrative procedures that could assure that current and future financial resources of the County are efficiently and prudently allocated within the community. Additionally, we will advise the County on state-of-the-art techniques and strategies to continue to maintain favorable debt ratios and consistently high credit ratings.

- 5) **Refundings / Refinancings, Defeasances and Debt Calls.** As part of our normal financial advisory relationships with clients, Morgan Keegan analyzes existing outstanding debt in terms of structure, interest costs and opportunities for current, advance, or synthetic refundings. Normally, such refundings are considered in order to (1) achieve gross and net present value debt service savings, (2) update bond resolutions and their covenants, or (3) achieve organizational restructurings.

As a financial advisor in a refinancing program, Morgan Keegan would perform traditional financial advisory functions. Such functions would include:

- An initial cost analysis that would recommend alternatives for structuring the refunding debt. All of this analysis would be performed utilizing our in-house financial and computer resources that include sophisticated advance refunding software.
- Providing detailed explanations and reasoning for the refunding to state officials and the rating agencies in order to secure the required state approval and to secure attractive bond ratings.

- Since most advance refundings would require the acquisition of State and Local Government Series Securities ("Government Securities"), we would structure and subscribe for those obligations to fund the escrow of any refunding trust agreement developed with respect to any advance refunding.
- We would coordinate the work of the Escrow Trustee and a nationally known accounting firm that would be selected by the County to provide the verification services for the refunding.
- We would provide a final cost analysis at the completion of the sale outlining both present and gross dollar savings/cost with respect to the advance refunding.
- We would structure bond covenants to provide for legal or economic defeasance of debt as well as optional redemption features.

- 6) **Rating and Insurance Agency Visits.** Since Morgan Keegan specializes in financial advisory services to Tennessee clients, we have had extensive experience and exposure with Moody's, Standard & Poor's and Fitch. During the last five years, we have assisted Tennessee clients with over 250 rating reviews with Moody's, Standard & Poor's or Fitch. Of those rating reviews, many issuers received favorable increases or new ratings, including several who have received the highest "Aaa" ratings.

As we have done for many years for the County, we would structure and participate in the presentations in New York, if necessary, to Moody's, Standard & Poor's, Fitch and one or more credit enhancement firms for any financings contemplated by the County. Morgan Keegan led the rating process when Blount County attained an upgrade in its bond rating to AA- from Standard & Poor's several years ago.

As a result of our extensive knowledge of the County economics and demographics and our long-standing relationship with numerous financial advisory clients, we believe that Morgan Keegan is in a unique position to once again to represent the County before the rating agencies and to advise the County on the sensitive issues that affect the rating process.

In addition to extensive written and verbal communications with the rating agencies regarding our clients, we have structured and participated in numerous personal presentations to the rating agencies for our clients and led rating agency visits to Blount County and numerous other communities in the State of Tennessee.

- 7) **Market Timing.** In addition to traditional financial advisory services, Morgan Keegan is also involved in underwriting and trading many different types of securities. Also, our firm participates daily in the buying, selling and trading of municipal bonds as well as a variety of other securities. We ranked 10th nationally, and 1st in the South Central United States in 2008 and 8th nationally, and 1st in the South Central United States in 2009 in underwriting. Therefore, our underwriting experience and broker functions strengthen our knowledge of the capital markets and complement our financial advisory services. We, therefore, are well equipped to provide briefings to the County staff members on current capital market conditions and trends. Typically, we increase our analysis and monitoring of the market for the issuer as the actual date of sale approaches. In order to assure that the County enters the market at the most favorable, opportune times, we also closely monitor the activity of other Tennessee, regional and national issuers so that significant competition in the market will not result in higher interest costs to the issuer.

8) **Interest Rates / Cost Forecast.** As part of our traditional financial advisory role, we are constantly monitoring economic trends and conditions that affect the capital markets. As previously indicated, we participate daily in the municipal market and are therefore acutely attuned to the structural likes and dislikes of the marketplace and trends in interest rates. We provide issuers with increasingly refined estimates of interest rate and cost expectations indicated by current conditions in the capital marketplace throughout the financing process. From the beginning of a financing until the bids are actually received, we provide current, updated market information, amortization schedules and expected bid results.

9) **Marketing and Oversight of Sales.** As your underwriter or financial advisor, Morgan Keegan will perform the following functions depending upon whether it is a competitive and/or negotiated sale of issuer debt.

- Assist in the solicitation of an underwriter(s).
- Assist in the receipt and opening of bids relative to bond sales.
- Bond Counsel – Morgan Keegan will maintain correspondence with the County's Bond Counsel, and regulatory officials and to assist bond counsel in preparation of all financial documents and assist in the preparation and printing of necessary offering documents (i.e. preliminary official statements, official notices of sale, bid forms, and other market documents)
- Secure a printer of bonds.
- Arrange for assignment of CUSIP numbers.
- Arrange for interim financing/credit supplements when needed.
- Assist in the solicitation of bids for appointment of a trustee and/or paying agent and registrar.
- Coordinate the proper registration of the bonds.
- Set a schedule/calendar for financing and issuance with bond counsel.
- Arrange for closing and transfer of proceeds on the day of closing
- Prepare all resolutions in accordance with applicable law.
- Advertise pending offerings in appropriate national financial press publications and assure distribution of offering documents to a comprehensive list of potential bond purchasers and investors.
- Coordinate all activities related to the bond issue with the State of Tennessee, Director of Local Finance.
- Make prudent recommendations as to the size of bond issue, amortization schedules, and reduction and control of debt per capita.
- Conduct market timing analysis as actual date of closing draws near

- Prepare arbitrage calculations
- Develop post-sale analysis for final cost of funds

General Scope of Services

Services Provided as Investment Banker	Competitive Sale	Negotiated Sale
Examine outstanding indebtedness and covenants	X	X
Develop debt management policies, if requested	X	X
Prepare financing timetable	X	X
Develop financing options	X	X
Presentation of financial plan and structure	X	X
Assist in selection of the financial team and other necessary services	X	X
Prepare economic profile of the community	X	X
Prepare "near final" Preliminary Official Statement	X	X
Presentation of Financing Plan	X	X
Assist in preparation and proofing legal documents	X	X
Prepare materials for credit enhancement providers (if warranted)	X	X
Prepare and participate in rating agency presentations	X	X
Request proposals for Registrar and Paying Agent and Evaluate Responses	X	X
Establish sale date	X	X
Execute Marketing Plan and distribution of documents	X	X
Contact potential bidders regarding submission of bids or answering specific questions	X	
Conduct public sale and evaluate bids	X	
Negotiate interest rates and underwriting fee components		X
Recommend acceptance or rejection of bids and calculate the true interest cost	X	X
Arrange for Bond printing and shipping and coordinate with Registrar	X	X
Prepare and distribute Official Statements, final sale documents and coordinate closing	X	X
If requested, advise on the investment of Bond proceeds and monitoring of investment earnings	X	X
If requested, perform arbitrage rebate services	X	X

{Remainder of Page Intentionally Left Blank}

Please describe how you avoid conflicts of interest and perceived conflicts of interest. Describe and fee sharing, fee splitting, payments to third party consultants not retained by Blount County or other contractual relationships that may affect your ability to provide independent, disinterested advice.

Morgan Keegan has always fully informed both the County and the PBA of our multiple roles and relationships among all parties, insisting on full disclosure. These disclosures have been outlined in many of the bond documents and contracts for years. We, and to our knowledge the County, have never viewed this as any conflict as many large financial services firms have multiple divisions, departments, and ownership structures. It has always been our understanding that Blount County was interested in those persons and firms that could provide high quality competent services to the County in its debt management practices and capital raising efforts. We believe we have been fortunate to have been successful in those efforts.

There is not, nor has there ever been, any fee sharing, fee splitting or any payments to third party consultants not retained by Blount County.

Have you ever worked on refinancing of variable rate to long term debt that involved a swap agreement? If so, what recommendation did you make?

Morgan Keegan has refinanced over one billion dollars of variable rate bonds in the last two (2) years that involved one or more swap agreements. The recommendations made and the financing structures depended on the facts and circumstances of each borrower. In many cases, the recommendation to stay in the variable rate mode was made to those borrowers whose underlying credit was in good health and who were able to secure viable letters of credit and therefore avoid the cost of terminating any swap agreements during turbulent market conditions. This was the case for Blount County on its approximately \$90 million of variable rate debt with swap agreements. Morgan Keegan was able to secure for Blount County letters of credit from three (3) different banks.

In many other circumstances, the recommendation was to terminate swap agreements, especially for those borrowers who were unable to access the variable rate market with new affordable credit enhancement or even those who were, but were still able to achieve savings versus staying in the variable rate mode with their existing interest rate swap agreement. We have the experience and demonstrated knowledge to seek those solutions that best fit the client based on their facts and circumstances.

Have you ever worked with an independent swap advisor and if so, who?

Morgan Keegan has worked with numerous leading swap advisors, including IMAGE, Kensington Capital and ECHO Financial Products, just to name a few of the firms focused solely on derivative products. We have additionally worked with many of the leading financial advisory and investment banking firms whose services also include advising on derivative products.

Please provide detailed plan of approach (including major tasks that shall be completed).

On behalf of Blount County, Morgan Keegan is constantly monitoring the County's debt portfolio, changing market conditions and opportunities to create additional savings for the County within the parameters outlined to us by the County's Finance Department.

As the Mayor, the former Director of Accounts and Budgets and certain other members of the Finance Department and/or Budget committee can attest, Morgan Keegan has been in constant contact with the County for many years helping with capital planning, structuring options, refinancing opportunities and the analysis of the risk/rewards of utilizing variable rate financing and interest rate swaps as a part of the County's diversified debt portfolio.

We prepare and update, no less than annually, a Summary of Outstanding Debt which contains detailed information of all of the County's debt, ratios on the different types of debt and suggested budgeting numbers based on changing market conditions.

In response to this RFQ, we have once again analyzed all of the County's outstanding debt, including those issues listed in the RFQ and those issues not listed.

Accordingly, on the next four (4) pages is a brief summary of Blount County's debt portfolio and our current comments:

{Remainder of Page Intentionally Left Blank}

Blount County, Tennessee
Total Combined Outstanding Debt Service

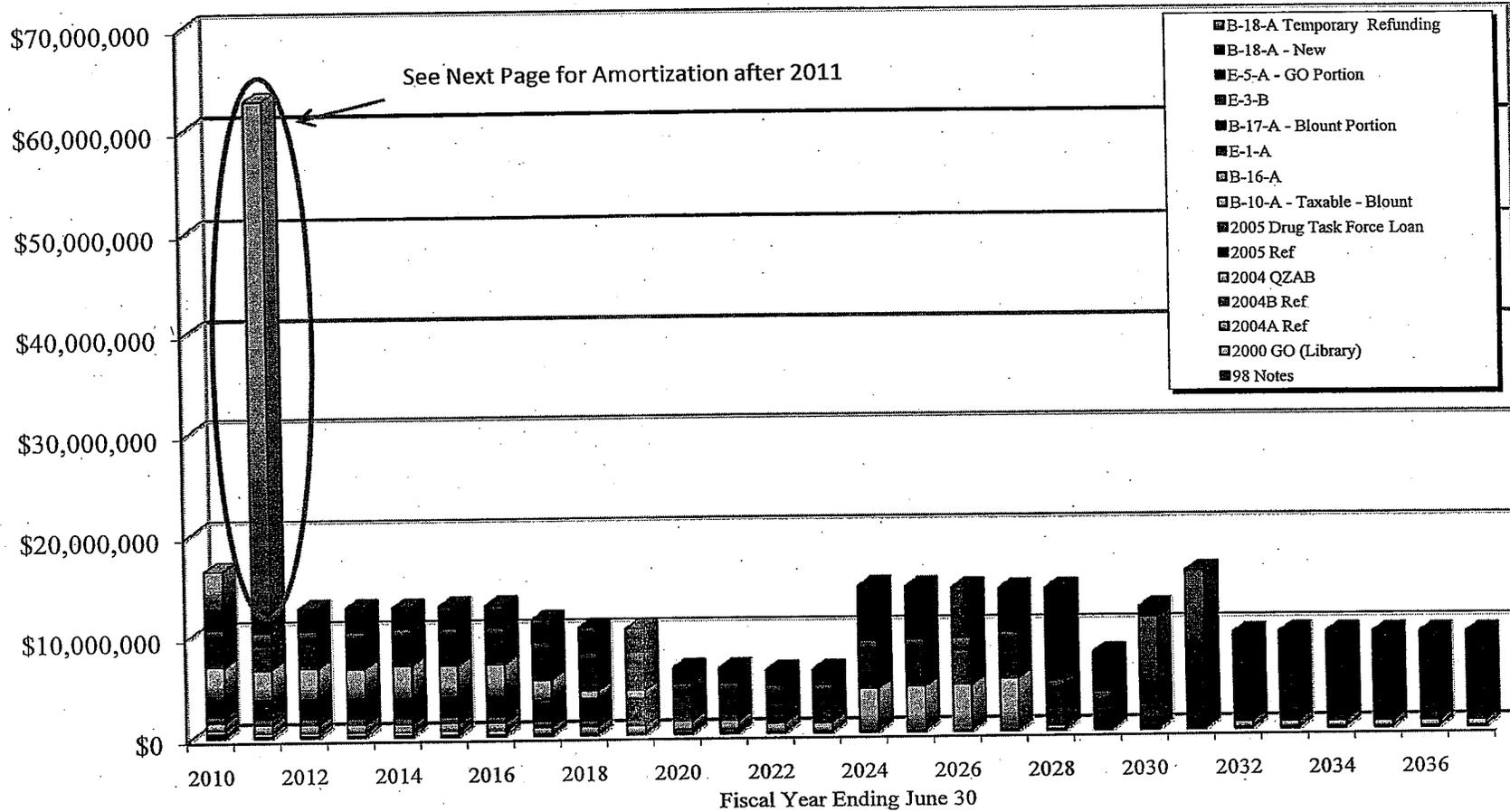
Aggregate Debt Service

Date	Principal	Interest	Total P+I
06/30/2009	-	-	16,246,478.35
06/30/2010	4,803,749.89	11,442,728.46	62,504,132.91
06/30/2011	51,224,757.89	11,279,375.02	12,455,990.53
06/30/2012	5,065,811.89	7,390,178.64	12,449,252.55
06/30/2013	5,241,913.89	7,207,338.66	12,464,641.59
06/30/2014	5,458,063.89	7,006,577.70	12,585,025.73
06/30/2015	5,774,266.89	6,810,758.84	12,619,175.95
06/30/2016	6,045,523.89	6,573,652.06	11,211,733.09
06/30/2017	4,886,836.89	6,324,896.20	10,355,286.19
06/30/2018	4,243,209.89	6,112,076.30	10,158,753.45
06/30/2019	4,224,553.89	5,934,199.56	6,133,556.27
06/30/2020	376,338.89	5,757,217.38	6,136,038.69
06/30/2021	396,338.81	5,739,699.88	5,871,137.38
06/30/2022	150,000.00	5,721,137.38	5,874,762.38
06/30/2023	160,000.00	5,714,762.38	14,162,962.38
06/30/2024	8,455,000.00	5,707,962.38	14,111,599.92
06/30/2025	8,775,000.00	5,336,599.92	14,033,724.84
06/30/2026	9,105,000.00	4,928,724.84	13,939,399.88
06/30/2027	9,435,000.00	4,504,399.88	13,987,324.88
06/30/2028	9,900,000.00	4,087,324.88	7,638,824.88
06/30/2029	3,960,000.00	3,678,824.88	12,126,874.88
06/30/2030	8,645,000.00	3,481,874.88	15,715,749.92
06/30/2031	12,665,000.00	3,050,749.92	9,517,499.96
06/30/2032	7,100,000.00	2,417,499.96	9,613,749.96
06/30/2033	7,550,000.00	2,063,749.96	9,587,499.96
06/30/2034	7,900,000.00	1,687,499.96	9,543,750.00
06/30/2035	8,250,000.00	1,293,750.00	9,532,499.96
06/30/2036	8,650,000.00	882,499.96	9,501,250.00
06/30/2037	9,050,000.00	451,250.00	
Total	\$217,491,366.60	\$142,587,309.88	\$360,078,676.48

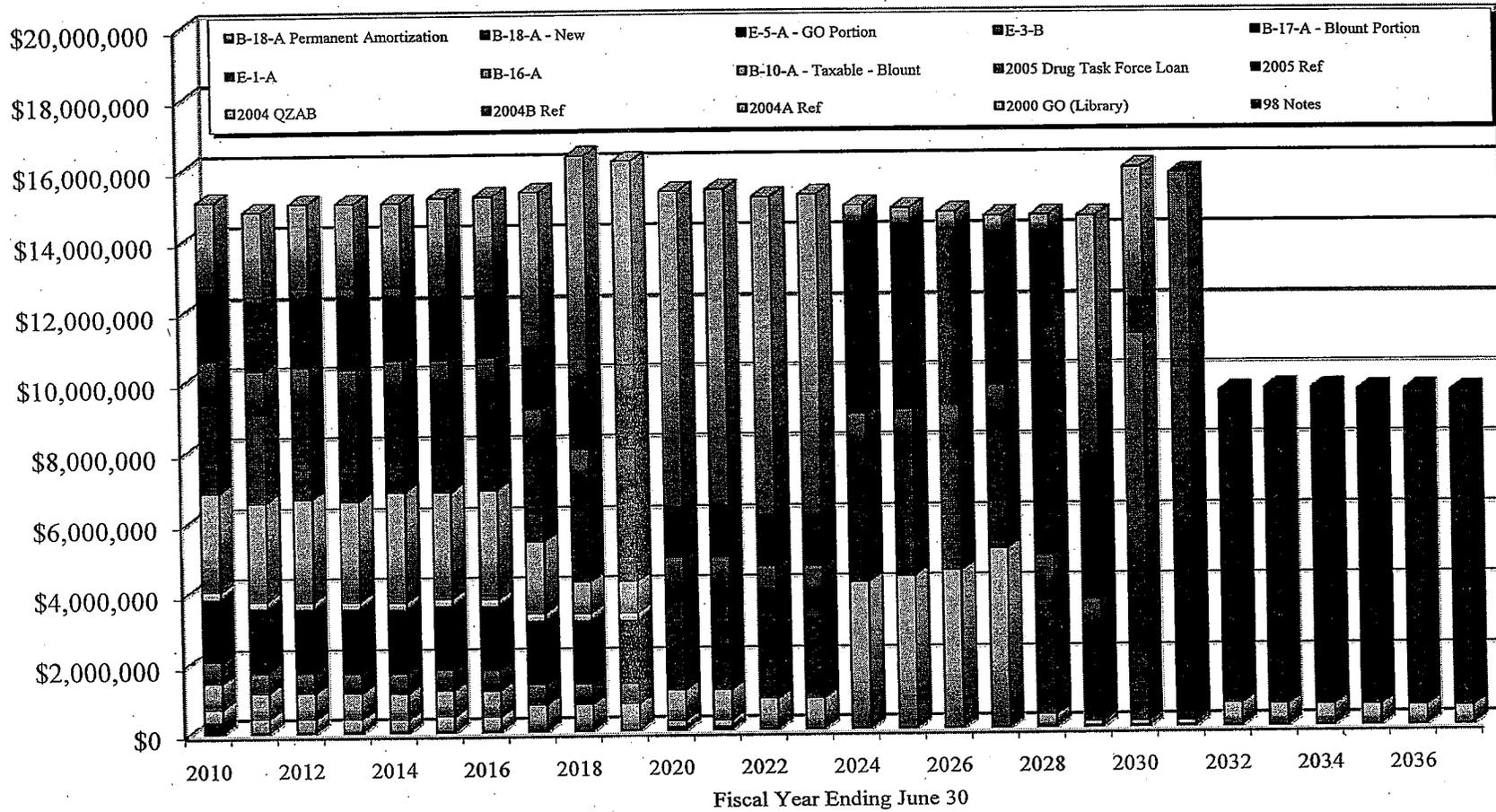
Par Amounts Of Selected Issues

98 Notes (5/1/7 @ 100).....	270,000.00
2000 GO (Library).....	2,300,000.00
2004 A Ref (Suntrust).....	6,225,000.00
2004 B Ref.....	4,860,000.00
2004 QZAB.....	616,066.60
2005 Ref.....	13,580,000.00
2005 Drug Task Force Loan.....	275,300.00
B-10-A - Taxable - Blount.....	1,800,000.00
B-16-A.....	32,145,000.00
E-1-A.....	50,500,000.00
B-17-A - Blount Portion.....	3,000,000.00
E-3-B.....	20,165,000.00
GO - E-5-A -GO - Variable.....	6,830,000.00
GO - E-5-A -GO - B-4-A Swap.....	10,000,000.00
GO - E-5-A -GO - D-1-B Swap.....	14,000,000.00
B-18-A -New.....	4,380,000.00
B-18-A -Ref.....	46,545,000.00
TOTAL.....	217,491,366.60

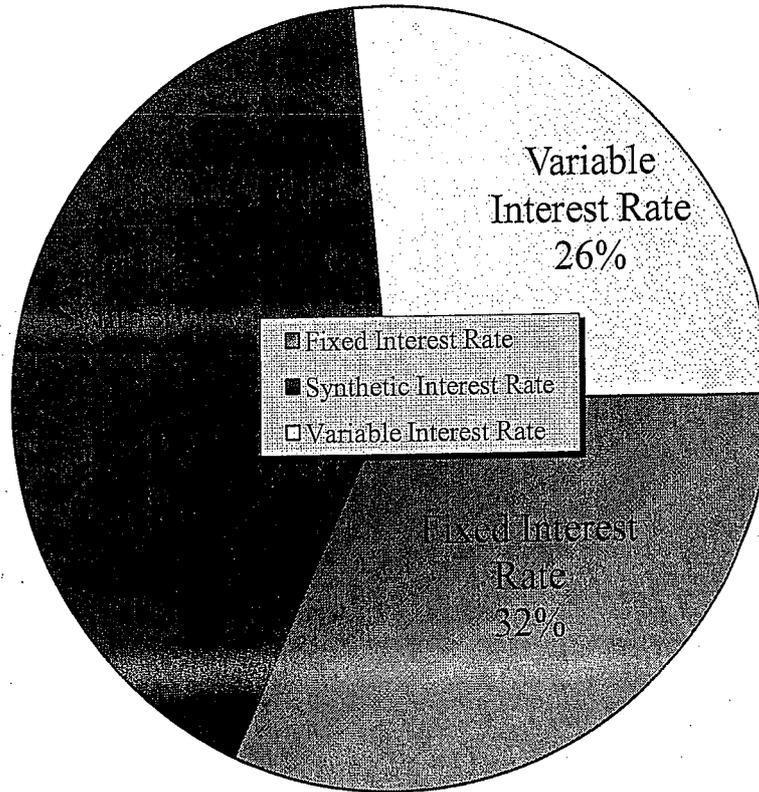
Blount County, Tennessee Total Combined Outstanding Debt Service



Blount County, Tennessee Total Combined Outstanding Debt Service Post 2011 Amortization



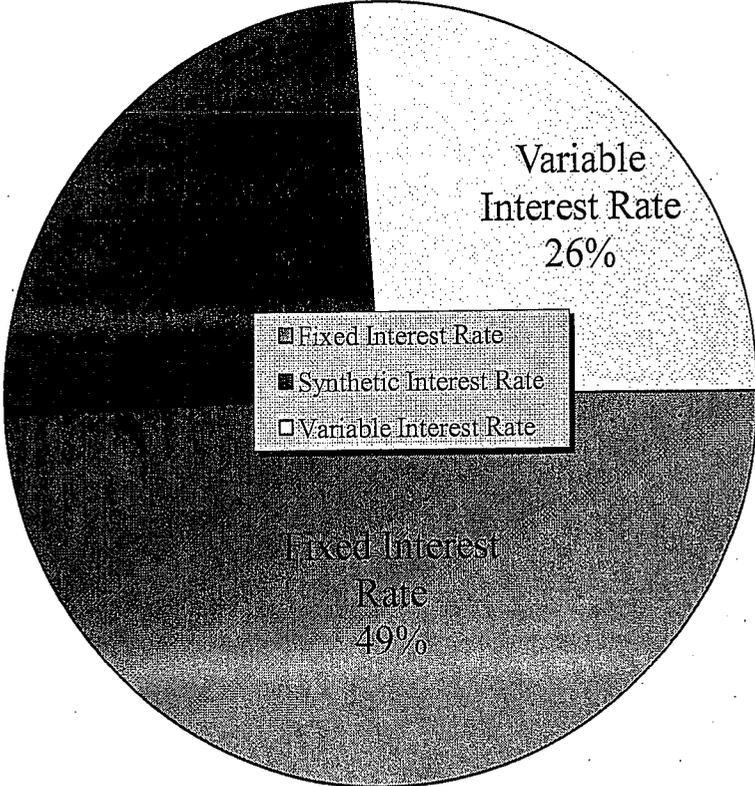
Blount County, Tennessee Fixed Rate to Variable Rate Ratios



Fixed Interest Rate	\$69,451,367
Synthetic Interest Rate	\$90,545,000
Variable Interest Rate	<u>\$57,495,000</u>
	\$217,491,367

Synthetic interest rate debt is subject to basis risk, credit risk and termination risk as outlined the County's Audited Financial Statements. Additionally, since the variable rate bonds are still outstanding they are subject to credit risk, letter of credit renewal risk, put risk and other risk associated with variable rate bonds.

Blount County, Tennessee
 Fixed Rate to Variable Rate Ratios
 Possible Strategy for June 1, 2011



Fixed Interest Rate	\$108,451,367
Synthetic Interest Rate	\$ 54,000,000
Variable Interest Rate	<u>\$ 57,495,000</u>
	\$219,946,367

Synthetic interest rate debt is subject to basis risk, credit risk and termination risk as outlined the County's Audited Financial Statements. Additionally, since the variable rate bonds are still outstanding they are subject to credit risk, letter of credit renewal risk, put risk and other risk associated with variable rate bonds.

As there has been considerable debate (and confusion) over certain aspects of the County's debt portfolio, we would like to point out the following pro-active steps taken by the Finance Department, the Budget Committee and/or Blount County Commission during calendar years 2008 & 2009 to further strengthen the County's debt portfolio, reduce certain levels of risk and create economic savings for the Blount County taxpayers.

- **April 2008:** Authorization by the Blount County Commission of the first series of refinancing bonds. Recommended by the Budget Committee and adopted by a vote of 20-0 with 1 pass.
- **May 2008 :** Successfully closed a **\$33,550,000 fixed rate issue with a true interest cost (TIC) of 4.37%** to pay off two (2) variable rate loans lowering the County's exposure to the unhedged variable rate bond market and several downgraded bond insurance companies and raising approximately \$14 million in new money for capital projects. The combination of the refinancing and the new money, all financed with traditional fixed rate bonds, **lowered the County's variable rate ratio.**
- **June 2008:** Authorization by the Blount County Commission of another series of refinancing bonds and \$30 million of new money for capital projects. Recommended by the Budget Committee and adopted by a vote of 19-0 with 1 pass and 1 absent.
- **June 2008:** Successfully closed a \$50,500,000 variable rate issue with a **SunTrust Bank** letter of credit ("LOC") to payoff previous variable rate loans that were adversely affected by the collapse of the municipal bond insurance market thereby substantially lowering the County's interest expense.
- **June 2008:** Successfully closed a \$9,000,000 (County's portion was \$3 million) **fixed rate issue with a TIC of 4.47%** to fund capital improvements for the new Industrial Park.
- **July 2008:** Successfully closed a \$20,165,000 variable rate issue with a **KBC Bank LOC** to payoff previous variable rate loans that were adversely affected by the collapse of the municipal bond insurance market thereby substantially lowering the County's interest expense and diversifying the County's LOC providers.
- **August 2008:** Successfully closed a \$31,175,000 (County's portion) variable rate issue with a **BB&T Bank** letter of credit to payoff previous variable rate loans that were adversely affected by the collapse of the municipal market thereby substantially lowering the County's interest expense and further diversifying the County's LOC providers.
- **February 2009:** Authorization by the Blount County Commission of another series of refinancing bonds to be completed on an **"interim basis" until market conditions improved.** Recommended by the Budget Committee and adopted by a vote of 17-3 with 1 absent.
- **February 2009:** Successfully closed a \$50,925,000 **fixed rate issue with a TIC of 2.75%.** This issue provided approximately \$4.4 million of new money for capital projects and had a "interim maturity" of approximately **\$46.5 million that was sold at a yield of 2.25%** thereby eliminating the need for the

County to terminate two interest rate swaps during unfavorable market conditions and allowing approximately 2 ½ years to monitor market conditions and formulate a final “permanent” financing structure.

- **September 2009:** Blount County successfully completes the novation all of its AMBAC insured interest rate swaps to Deutsche Bank AG, New York Branch upon the advice and recommendation of Echo Financial Products LLC, as an independent swap advisor after approval from State Comptroller’s office.

Summary:

1. During calendar years 2008 & 2009, Blount County,
2. Approved by overwhelming affirmative votes of the Blount County Commission on multiple occasions a series of new money and refunding transactions.
3. Eliminated all of its exposure to the downgraded municipal bond insurance companies, both on the County’s variable rate bonds and the interest rate swaps
4. Was successful in raising over \$20 million in new money for capital projects during the most volatile economic market conditions since the 1930s.
5. Lowered the County’s interest expense
6. Increased Debt Service Fund balance by \$3.8 million from FY07 to FY09
7. Increased General Fund balance by \$5.4 million from FY07 to FY 09
8. Blended Average Cost of the County’s variable rate (both unhedged and hedged) have been and currently are as follows (the below numbers include variable interest rates, swap payments and receipts and all ongoing expenses associated with the underlying bonds):

Periods of Time	Blended All-Inclusive Cost (Hedged & Unhedged)	Blended All-Inclusive Cost (Unhedged Only)
Last 10 Fiscal Years	3.88%	2.91%
Last 5 Fiscal Years	4.19%	3.43%
Last 3 Fiscal Years	3.89%	2.99%
Last Fiscal Year (2009)	3.58%	1.60%
Fiscal YTD 2010	3.17%	1.30%
Current (February 2010)	3.06%	1.31%

While Blount County would prefer to handle this refinancing through competitive public sale, we understand that there may be factors that make that approach less appealing. Please provide an assessment of those factors, if any that may exist.

When Blount County is considering issuing refunding bonds under Title 9 Chapter 21, it may elect to sell those bonds pursuant to a negotiated sale with an underwriter of their choosing. Tennessee Code Annotated recognizes that refunding bonds, by their nature, are more complex transactions and therefore issuers are allowed to sell refunding bonds at negotiated sales to increase market timing and structuring flexibility in order

to assist issuers in the sale of refunding bonds and achieving their savings goals. Prior to negotiating a refunding bond issue, the County must get the permission of the State Director of Local Finance to undertake a refinancing of its outstanding bonds and to negotiate the sale of the refunding bonds. The State Director of Local Finance must report back to the County on the refunding plan and authorize the negotiated bond sale prior to the County Commission adopting the resolutions authorizing the sale of the refunding bonds.

For the reasons stated above, when the County has sold refunding bonds, our firm's role has been as the underwriter of the refunding bonds at a negotiated sale after receiving permission from the State Director of Local Finance's office and County Commission approval. This allows the County more market timing and structuring flexibility to help it achieve its savings goals.

As always, the County makes the ultimate decision in the professionals it retains for a variety of different governmental needs. Therefore, our firm, like other professionals the County retains, whether it is for engineering or legal work, must constantly demonstrate to the County our expertise, abilities and commitment to serve the County in our respective professions.

If Blount County were to consider refinancing through a negotiated transaction, will you wish to resign as financial advisor and apply for the role as underwriter

No, unless requested to do so by the County as it has in the past.

Please provide estimated costs associated with your recommended approach.

None.

Please provide estimated fees for your services and whether or not you require payment on a retainer basis or as part of underwriting costs

We do not require any payment on a retainer basis. In addition, should the County ultimately decide to proceed with any refinancing at this time we would not charge anything for our services.

Please provide an estimated financing schedule including closing date.

We think that it is premature to set a financing schedule without completely analyzing the full costs to the taxpayers of Blount County of any potential refinancings. Once any analysis has been completed, it is estimated that a financing could be closed within 30 to 60 days.

{Remainder of Page Intentionally Left Blank}

Please provide three (3) references that can attest to your qualifications, character and reputation.

<p>Knox County Mike Ragsdale, Mayor John Trover, Finance Director 400 Main Street, Suite 615 Knoxville, TN 37902 Tel: (865) 215-3576 mike.ragsdale@knoxcounty.org john.trover@knoxcounty.org</p>	<p>Sevier County Larry Waters, Mayor Cheryl Houston, Finance Director 125 Court Avenue Sevierville, TN 37862 Tel: (865) 774-3617 lwaters@seviercountyttn.org chouston@seviercountyttn.org</p>	<p>Bradley County Gary Davis, Mayor Lynn Burns, Finance Director 220 South Main Street Memphis, TN 38103 Tel: ((423) 728-7141 gdavis@bradleyco.net lburns@bradleyco.net</p>
<p>City of Alcoa Donald Mull, Mayor Ray Richeson, City Recorder 223 Associates Blvd Alcoa, TN 37701 Tel: (865) 380-4776 mull@cityofalcoa-tn.gov richeson@cityofalcoa-tn.gov</p>	<p>Blount Memorial Hospital Joseph Dawson, Administrator David Avriett, CFO 907 East Lamar Alexander Parkway Maryville, TN 37804 Tel: (865) 977-5531 jdawson@bmnet.com davriett@bmnet.com</p>	<p>City of Maryville Greg McClain, City Manager Kristine Tallent, Finance Director 404 West Broadway Ave Maryville, TN 37801 Tel: (865) 273-3404 Gmcclain@ci.maryville.tn.us Krtallent@ci.maryville.tn.us</p>

Recap of Blount County Cost of Funds

Periods of Time	Blended All-Inclusive Cost (Hedged & Unhedged)	Blended All-Inclusive Cost (Unhedged Only)
Last 10 Fiscal Years	3.88%	2.91%
Last 5 Fiscal Years	4.19%	3.43%
Last 3 Fiscal Years	3.89%	2.99%
Last Fiscal Year (2009)	3.58%	2.23%
Fiscal YTD 2010	3.17%	1.99%
Current (February 2010)	3.06%	1.31%



Blount County, Tennessee

The PFM Group Qualifications for Financial Advisory Services and Swap Advisory Services



February 18, 2010

The PFM Group
530 Oak Court Drive
Suite 160
Memphis, TN 38117-3722

901-682-8356
901-682-8386 fax
www.pfm.com



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

Suite 160
530 Oak Court Drive
Memphis, TN
38117-3722

901 682-8356
901 682-8386 fax
www.pfm.com

February 17, 2010

Mr. Steve Samples
Blount County Commission

Ms. Teresa Johnson
Blount County Purchasing Agent

Blount County Courthouse
385 Court Street
Maryville, TN 37804-5906

Dear Mr. Samples and Ms. Johnson,

The PFM Group appreciates the opportunity to discuss our qualifications as it relates to our qualifications to serve Blount County, Tennessee (the "County") with independent advice and selected services related to bond sales, restructuring and refinancing, financial advisory services and swap advisory services. To facilitate our discussion, we have taken the opportunity to send you some information related to our experience, our qualifications and the services we can offer the County.

PFM is the nation's leading financial advisory firm, with broad experience providing debt management services to public agencies, and has a successful record of work for many issuers. PFM's experience, our unmatched professional services, our fierce independence and our total commitment to our clients provides the opportunity for our firm to add substantial value as the County's financial advisor.

PFM is the national leader in the following areas of public finance:

- General Municipal
- Water and Sewer
- Higher Education
- Distressed Credit Management
- Transportation
- Public Power
- Structured Products
- Long-Range and Capital Planning

PFM is the only independent financial advisory firm with its own Pricing Group designed to negotiate with the largest of investment bankers, as well as, an independent Swap Advisory Group dedicated to providing advice to our clients when entering into or unwinding complex derivative transactions. In the ever more complex world of global markets and more sophisticated financial engineering tools, we believe PFM can be a very valuable partner to Blount County.

We believe that our proposal to provide Financial Advisory related services is distinguished by the following:

- **Nation's Leading Financial Advisor** - PFM advises on more financings than any other advisory firm. Our national experience is unmatched, being ranked by Securities Data as the nation's leading advisor for five consecutive years. In 2009, we advised on more than \$51.6 billion of municipal bond financings. On average we priced 16 transactions *each week* during 2009.
- **Experienced Staff** - Many times additional technical expertise is needed to ensure that a client's situation is fully analyzed or that all of the potential benefits from a transaction are received. To meet this need, PFM has at its disposal specialized "clusters," groups of public finance professionals who are arranged by specialty located in our 32 offices. PFM would devote to the County an experienced staff that focuses on Tennessee issuers and are familiar with Tennessee statutes, practices, politics and personalities. In addition, a group of specialists would be available to help the County devise and implement creative solutions to problems that otherwise would seem to be insoluble. We have assigned Ms. Lisa Daniel as the financial advisory engagement manager and Ms. Lauren Lowe and Ms. Valesa Wells as co-senior project managers and two consultants to serve the County. Ms. Daniel, Ms. Lowe and Ms. Wells have over 40 years of experience between the three of them.

In addition, we offer the County the resources of the national and independent Swap Advisory Group managed by Andrew McKendrick, a Managing Director with PFM for over 10 years and who has advised and educated clients on over hundreds of transactions involving a swap component.

Detailed resumes on all team members can be found in our proposal.

- **Innovative Approach** - PFM's approach towards addressing the County's needs goes beyond traditional transaction management; our approach incorporates our professionals' expertise with long-term financial planning, sophisticated model development, quantitative strategies and pricing analysis to answer complex questions and reduce financing costs and risks in all market environments. We are prepared to assist in the development of creative financial strategies which support the County's long-term vision, policy goals and objectives as well as providing technical financial analysis for debt issuances and other financing techniques and investments.
- **Unparalleled Independent Advice** - PFM's core business purpose is to provide superior *independent* financial advice to state and local governments. As an independent advisor, we bring a totally unbiased approach to our client relationships. We are large and sophisticated: we generate our own innovative ideas, but because we do not compete with underwriters, they are willing to share innovative ideas with us that they would not share with their competitors. This helps us better serve our clients. **We never have the conflict of interest inherent among bankers who may also act as financial advisors or swap advisors.** At PFM, our only allegiance is to our public sector clients.

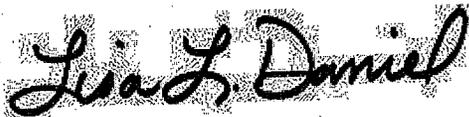
Federal regulations prohibit an investment bank from representing that it is offering independent advice, if it is also a purchaser or seller of your securities. Because the investment banks deal with both the buyers and sellers of municipals, they cannot legally represent that they have a fiduciary responsibility to the borrower nor can the borrower hold them legally liable for their advice. The investment bank must represent itself, its other clients, and the borrower. These representations often do present real conflicts of interest, conflicts that do cost borrowers money.

- **Reputation and Integrity** - We believe advising the public sector carries with it a unique trust. PFM's reputation gives credibility to our recommendations and ideas. We are proud of the fact that in our 33-year history, including thousands of financings totaling in the hundreds of billions of dollars, and nearly 10,000 public sector clients, PFM has never been charged with any unethical act; no bid rigging, no yield burning, no undisclosed partnership or soft-dollars exchanges, no investment scams, no excessive mark-ups, no alleged incompetence and no disclosure violations.

We thank you for the opportunity to be part of your finance team and to serve as Blount County as an independent financial advisor and an independent swap advisor. PFM will commit the resources necessary and be accessible to the County in the timely manner that you expect.

We look forward to further discussion tomorrow morning.

Sincerely,
Public Financial Management
PFM Asset Management LLC
PFM Advisors



Lisa Daniel
Managing Director



Public Financial Management

Please describe your background, experience and credentials.

PFM is the leading independent Financial Advisor and independent Swap Advisor in Tennessee and in the United States. We have assembled an experienced team to serve the County. Lisa Daniel, Managing Director in the Memphis office, will oversee the engagement and commits to harness all of the experience and resources necessary to support the County's goals, objectives and challenges. The resumes of those key individuals assigned directly to the County are provided below:

LISA DANIEL, MANAGING DIRECTOR

Lisa Daniel joined PFM in 1999 and is responsible the Financial Advisory business managed from the Memphis office. Ms. Daniel advises a mix of cities, counties, states and authorities including Shelby County, TN, the Metropolitan Government of Louisville-Jefferson County, KY, the State of Tennessee, City of Murfreesboro, TN, City of Clarksville, TN and the Metropolitan Nashville Airport Authority. Ms. Daniel provides these clients with a broad range of financial advisory services including identifying potential financing alternatives for various projects, preparing debt capacity analyses, evaluating debt restructuring opportunities, coordinating rating agency relations, and executing debt transactions. Ms. Daniel has been instrumental to the successful execution of several complex transactions including those issued by the Memphis-Shelby County Sports Authority (Fed-Ex Forum) and Memphis-Shelby County Airport Authority.

Prior to joining PFM, Ms. Daniel served as the Manger of the Arbitrage Rebate and Verification Group of Ernst and Young LLP, where she worked for nine years. Ms. Daniel graduated with a BA in Economics and Business Administration from Rhodes College in Memphis, Tennessee, and is a Certified Public Accountant (inactive).

LAUREN LOWE, SENIOR MANAGING CONSULTANT

Lauren Lowe joined PFM in September 2004. As a Senior Managing Consultant with PFM, Lauren has provided technical and analytical support for a variety of clients including State, County, City, Public Power and Utility System and Airport clients. Ms. Lowe is involved in analytical analysis as well as transaction management on debt transactions and structuring, strategic planning, pricing and cash flow analysis to her clients, as well as debt structuring of over \$3.7 billion in bond issues and over \$51 million in bank loans and lines of credit. Her experience includes Airport Revenues, Gas Taxes, Water, Sewer and Solid Waste System Revenues, Infrastructure Sales Surtax, General Obligation and Capital Revenue Transactions. Ms. Lowe has worked to develop and maintain complex Cash Flow Models (Transportation-Toll Facilities) and Capital Improvement Plans. Other analyses completed by Ms. Lowe include Pricing, Debt Capacity and Refunding (Current, Advance and Forward). Ms Lowe serves as the project manager to: Bartlett, TN; Chattanooga, TN; Franklin, TN, Germantown, TN, Hamilton County, TN; Northwest Arkansas Regional Airport Authority; and the State of Tennessee

Ms. Lowe graduated from Mississippi State University where she received a Bachelor of Science degree in Business Administration with a major in Finance.



Public Financial Management

VALESA WELLS, SENIOR MANAGING CONSULTANT

Valesa S. Wells has been employed with PFM since 1995. As a Senior Managing Consultant in the Memphis office, Ms. Wells serves cities and counties and their governmental entities. Ms. Wells's service to clients includes: quantitative and technical analysis, including sizing and structuring, for both competitive and negotiated bond transactions; preparation of disclosure documents; preparation of debt management and fund balance policies; developing debt profiles that incorporate statistical data for all outstanding debt of issuers; performing maturity-by-maturity savings and option value refunding analysis, and performing bond-pricing analysis including pricing of comparable transactions, issuer's historical transactions and analysis of appropriate market indices.

Ms. Wells also works closely with clients to develop comprehensive credit presentations which demonstrate the client's historical financial performance relative to industry benchmarks, management practices, and provides a detailed look into the client's long-term strategy for capital investment, economic development and debt management.

Ms. Wells's financial advisory experience has included serving the City of Memphis, TN; Shelby County, TN, the Town of Collierville, TN; the Metropolitan Government of Nashville and Davidson County, TN; the City of Bartlett, TN; the City of Chattanooga, TN; Hamilton County, TN; the City of Knoxville, TN; and the Metro Government of Louisville/Jefferson County, KY.

Ms. Wells received a Bachelor of Arts (Cum Laude) in Professional and Technical Writing from the University of Memphis and is currently pursuing an MBA in Finance from the University of Memphis.

JOSHUA MCCOY, CONSULTANT

Mr. McCoy joined Public Financial Management, Inc. as a Consultant in July 2008. After completing the comprehensive training program in Philadelphia, he returned to the Memphis office to assist with a variety of clients in the Southeast.

Mr. McCoy's present duties include working with a variety of municipal clients, including the State of Tennessee, Shelby County, TN, City of Germantown, TN and New York State Environmental Facilities Corporation, on structuring, sizing and pricing new money and refunding municipal bond issues. Mr. McCoy also provides assistance in assessing issuer's outstanding debt and performing analyses of refunding opportunities as well as cash flow modeling, debt capacity and funding analyses.

Mr. McCoy has supported senior staff on over \$1.9 billion in debt transactions, financial planning, refunding and financial modeling. His transaction experience encompasses a full range of issuance types including taxable, tax-exempt, competitive and negotiated sales as well as an array of refunding and debt restructuring issues.

Mr. McCoy is a graduate of Rhodes College, where he received a Bachelor of Arts degree in Economics and Business.

ANDREW MCKENDRICK, MANAGING DIRECTOR

Andrew McKendrick, a Managing Director in PFM's Structured Products Group based in Philadelphia, specializes in advising clients regarding the use and application of derivatives and other hedging tools with a focus on hedging strategies and risk management, as part of PFM's swap advisory practice. He counsels on the use and management of derivatives and the application of these tools to create and apply the most appropriate structures for each client's overall asset/liability management needs. Mr.



Public Financial Management

McKendrick works with a broad diversity of not-for profit and public sector borrowers from higher education, healthcare and schools to general municipal, school districts and public utilities.

Prior to joining PFM in 2003 Mr. McKendrick served as Head of Swap and Option Trading at Sovereign Bank Capital Markets and Head of European Interest Rate Trading for Nomura International in London. He traded interest rate derivatives for the First National Bank of Chicago (now JPMorgan Chase) for over 9 years, ultimately managing the Euro Swap Desk in London.

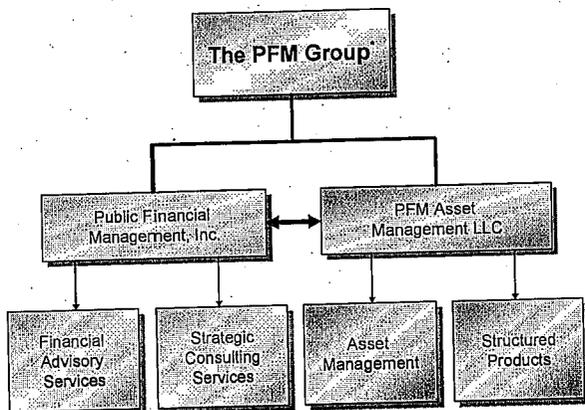
A combination of direct market experience and the understanding of the particular needs and sensitivities of public sector and not-for-profit borrowers mean that Mr. McKendrick provides complete context for borrowers using derivatives in the management of their debt and other hedging needs. He received a B.A. in Economics from Kalamazoo College.

Please describe the background, experience and credentials of your firm including regulatory status (i.e. broker, dealer, dealer bank).

The PFM Group ("PFM"), including Public Financial Management, Inc. and PFM Asset Management LLC, was founded in 1975 with a staff of five. Today PFM has over 400 employees in 32 offices across the country with an average of 385 employees over the last five years.

Today PFM is the nation's leading provider of independent financial and investment advisory services with offices throughout the United States. PFM has been the nation's **number one** ranked financial advisor for seven consecutive years. PFM is the only financial advisory firm to offer a full array of investment advisory services including active and passive strategies. PFM Asset Management LLC is a registered investment advisor under the Investment Advisor's Act of 1940. PFM reports to the Securities Exchange Commission (SEC) and the Municipal Securities Rules Making Board (MSRB).

When PFM is hired, depending upon needs, our clients can have access to any of our five primary business activities:



* We use the term "The PFM Group" to refer collectively to Public Financial Management, Inc. and PFM Asset Management LLC. It is not a separate entity.

Financial Advising: managing transactions related to debt issuance;

Investment Management: providing investment advice and portfolio management for working capital and bond proceeds;

Investment Consulting: structuring simple, reliable, and fundamentally sound asset management strategies and retirement plans.

Strategic Consulting: offering highly effective capital and operating budget advice.

Structured Products: developing innovative financing techniques and investment products.



Public Financial Management

PFM PHILOSOPHY

PFM's goal is to provide the highest quality advice to our clients so they are able to raise, invest and manage the resources they need in the most cost-effective manner possible. As an independent advisor, we bring a totally unbiased approach to our client relationships. We are large and sophisticated: we generate our own innovative ideas, but because we do not compete with underwriters, they are willing to share innovative ideas with us that they would not share with their competitors. This helps us better serve our clients. We never have the conflict of interest inherent among bankers who may also act as financial advisors. ***At PFM, our only allegiance is to our public sector clients.***

Over its thirty-four year history, PFM has built a solid presence in the municipal marketplace. We have been involved in financing programs totaling in excess of \$504 billion. Last year, PFM advised on 832 bond transactions with a total volume of over \$51.5 billion.

PFM has been committed to serving Tennessee issuers since 1985 and consistently ranks among the top financial advisors in the State. Over the last 24 years PFM has assisted local municipalities throughout the State to raise capital through over **300 debt issues** totaling more than **\$19.5 billion** for capital projects. It is our unique blend of national presence, local understanding and commitment, along with our ability to offer completely independent financial advice that truly sets us apart from our competitors. PFM is a leader in our industry in both Tennessee and the nation. While enjoying the experience and reputation of a national firm, PFM also offers the client the depth of understanding and commitment of a local firm.

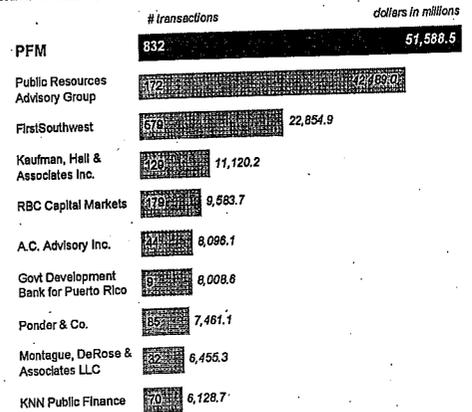
OUR TRUE SUCCESS IS BEHIND THE NUMBERS

Although rankings provide a shorthand method of measuring success, the length of service and level of satisfaction we provide our clients is a better measure of true success.

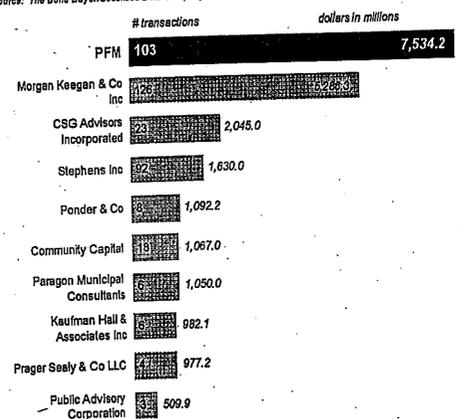
At PFM, we view our longstanding association with many of our clients as an affirmation of our ability to service their needs thoughtfully and efficiently. We are committed to ensuring that our clients' interests are protected and their goals are achieved.

Our clients are located throughout the nation. PFM employees draw upon their experience with local clients to assist other clients across the nation. New alternatives that have worked for one client can also

2009 Year End Overall Long-Term Municipal New Issues
National Municipal Financial Advisory Ranking
Source: The Bond Buyer/Securities Data Company



2004 - 2009 Tennessee Overall Long-Term Municipal New Issues
National Municipal Financial Advisory Ranking
Source: The Bond Buyer/Securities Data Company





Public Financial Management

apply to another client in a different region. Utilizing our technology, PFM employees communicate daily across our offices and can easily access relevant information in a timely manner. This allows us to leverage our institutional knowledge as a national firm and the lessons learned locally so that we may inform clients of best practices and applications of new techniques.

Despite the diversity of clients we advise, the one characteristic all of our clients have in common is a desire to partner with a firm with the proven ability to help them meet their current and future objectives. PFM realizes that it is relationships like these that allow us to continue to be the nation's number one financial advisor.

Have you or any employees of your firm ever been investigated or questioned by any regulatory body or law enforcement agency regarding your firm's practices or those of your current and former associates?

In early 2006 Public Financial Management, Inc. and its affiliates were among various entities which produced documents pursuant to subpoenas to the Philadelphia District Office of the Securities and Exchange Commission under an SEC investigation order. In early June 2006, three representatives of Public Financial Management or its affiliates gave testimony before the District Office. Thereafter in July 2006 the SEC Staff commented that the administrative inquiry was focused on issues of compliance with Rule G-37 of the Municipal Securities Rulemaking Board. We received no communication from the staff of the SEC between July 2006 and February 2007. In February 2007, the Philadelphia District Office advised our counsel that it did not intend to request additional documents or testimony from the Adviser or its affiliates. We have received no communication from the SEC Staff for two years.

Please describe what you think a financial advisor's role to be for Blount County.

PFM provides a broad scope of services to each of its clients. We believe that the role of the financial advisor should be to serve as an extension and enhancement of the County's staff, providing flexible resources for assignment to priority tasks as required. As part of our relationship, we would expect you to rely on our quantitative and qualitative advice and resources in the areas of debt management/strategic planning, debt issue development, refunding feasibility analysis, and assisting in ongoing efforts to maintain strong relationships with the rating agencies and investors. Additionally, PFM stands ready to assist the County with arbitrage rebate management and swap advisory services as well. The following provides a quick glimpse of the services that PFM generally provides as a standard part of its financial advisory relationships.

1. Services related to the Financial Planning and Policy Development:

- Assist the County in the formulation of Financial and Debt Policies and Administrative Procedures.
- Review current debt structure, identifying strengths and weaknesses of structure so that future debt issues can be designed to maximize ability to finance future capital needs. This will include, but not be limited to, reviewing existing debt for the possibility of restructuring or refunding of debt to provide the County with savings.
- Analyze future debt capacity to determine the County's ability to raise future debt capital.
- Assist the County in the development of the County's Capital Improvement program by identifying sources of capital funding for infrastructure needs.



Public Financial Management

- Assist the County with the development of the County's Financial Plan by assessing capital needs, identifying potential revenue sources, analyze financing alternatives such as pay-as-you-go, lease/purchasing, short-term vs. long-term financings, assessments, user fees, impact fees, developer contributions, public/private projects, and grants and provide analysis of each alternative as required as to the budgetary and financial impact.
 - Review the reports of accountants, independent engineers and other project feasibility consultants to ensure that such studies adequately address technical, economic, and financial risk factors affecting the marketability of any proposed revenue debt issues; provide bond market assumptions necessary for financial projections included in these studies; attend all relevant working sessions regarding the preparations, review and completion of such independent studies; and provide written comments and recommendations regarding assumptions, analytic methods, and conclusions contained therein.
 - Manage and maintain computer models for long-term capital planning which provide for inputs regarding levels of ad valorem and non-ad valorem taxation, growth rates by operating revenue and expenditure item, timing, magnitude and cost of debt issuance, and project operating and capital balances, selected operating and debt ratios and other financial performance measures as may be determined by the County. (Initial development of such models may be considered outside the scope of the retainer if anticipated hours involved in the creation are material. Accordingly, PFM and the County will discuss and agree upon a budget for model development, if necessary.)
 - Provide debt services schedules reflecting varying interest rates, issue sizes, and maturity structures as these are needed for feasibility consultants or for related County fiscal planning.
 - Attend meetings with County's staff, consultants and other professionals and the County.
 - Review underwriter's proposals and submit a written analysis of same to the County.
 - Undertake any and all other financial planning and policy development assignments made by the County regarding bond and other financings, and financial policy including budget, tax, cash management issues and related fiscal policy and programs.
 - Assist the County in preparing financial presentations for public hearings and/ or referendums.
2. Services Related to Debt Transactions (Includes short term financings, notes, loans, letters of credit, line of credit and bonds).
- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
 - Develop a financing plan in concert with County's staff which would include recommendations as to the timing and number of series of bonds to be issued.
 - Assist the County by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
 - Advise as to the various financing alternatives available to the County.



Public Financial Management

- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
- Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.
- If appropriate, develop credit rating presentation and coordinate with the County the overall presentation to rating agencies.
- Assist the County in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond resolutions regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond resolutions.
- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the County's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the County and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with County's staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that Financial Advisor is not responsible for the inclusion or omission of any material in published offering documents.
- Provide regular updates of tax-exempt bond market conditions and advise the County as to the most advantageous timing for issuing its debt.
- Advise the County on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the County in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make in writing definitive recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.

If the transaction is competitive, the services of the financial advisor will be modified to reflect that process.



Public Financial Management

Please describe how you avoid conflicts of interest and perceived conflicts of interest. Describe any fee sharing, fee splitting, payments to third party consultants not retained by Blount County or other contractual relationships that may affect your ability to provide independent, disinterested advice.

As an independent financial advisory firm, we operate completely independent of the underwriting of municipal securities by banks and securities dealers. It is important to keep in mind that underwriter trading desks generally provide accurate information, assuming that the right questions are asked, but underwriters have to meet the goals of two clients: the issuer and the investor. PFM's only role is to meet the goal of its sole client, the issuer.

Therefore, our independent perspective on the market means that the County will receive our unbiased advice as to the method of sale that has the greatest chance of minimizing borrowing costs within acceptable transaction parameters, whether it is competitive or negotiated. The effective pricing of bond issues and related costs of issuance is a hallmark of PFM. We supply unbiased market information to facilitate successful outcomes on transactions.



Public Financial Management

Have you ever worked on refinancing of variable rate to long term debt that involved a swap agreement? If so, what recommendations did you make?

Have you ever worked with an independent swap advisor and if so, who?

PFM is unique among financial advisory firms in that we have a group of professionals solely dedicated to the derivatives and structured financial products area—the PFM Structured Products and Derivatives Group. Our Structured Products and Derivatives Group's eleven (11) professionals are focused on providing clients with the highest quality advice and insight on the utilization, structuring, procurement and management of interest rate swaps, derivatives, and other financial products. In the early 1990s, we made significant investments in experienced personnel and technology and set up a separate business group to focus on this extremely complex area. Today, PFM is the recognized leader in the industry in both providing swap analysis, policy and strategy development, and in providing swap procurement services on both competitive and negotiated swap transactions.

We would work on this assignment as a fiduciary serving only the interests of the County. We are independent advisors and not brokers. This means that our advice will not be colored by other products that we might broker or sell or by conflicting business relationships.

SWAP ADVISORY EXPERIENCE

We believe that PFM is particularly qualified to work with Blount County. Given the complexity, compensation, and real risks embedded in swap transactions it is important to select a swap advisor who not only has recognized credibility in the market but also a firm that does not treat derivatives as an adjunct to an existing consulting practice. PFM is the recognized leader in the industry in managing both competitive and negotiated swap transactions. The table below summarizes the number and notional principal amount of interest rate swap and derivative transactions for which PFM served as advisor since the year 2000.

Year	Number of Transactions	Notional Amount
2000	11	\$1,352,910,000
2001	43	\$4,274,727,502
2002	55	\$4,698,029,000
2003	72	\$11,177,954,000
2004	138	\$10,253,049,750
2005	150	\$12,964,705,241
2006	154	\$11,531,045,698
2007	154	\$10,922,225,139
2008	250	\$13,671,408,232
2009	155	\$9,049,660,299
Total	1,182	\$89,396,714,631

This is also not a new practice for PFM. PFM has over ten years of experience in developing hedging policies and conducting transactions of this nature including structuring and procuring various forms of interest rate swaps or advising on bonds with embedded features, such as options. During this time we



Public Financial Management

have identified and addressed most every issue and concern facing not-for-profit and tax-exempt borrowers.

CASE STUDIES

PFM has adopted a practice to limit specific information related to investment advisory clients in any presentation or proposal, consistent with the spirit of SEC Regulation S-P and the Graham-Leach-Bliley Act, which both deal with privacy issues. Additional information including pricing details or client contact information is available upon request.

We understand that many of our competitors are not as careful as they should be with regard to the dissemination of details related to the business of their clients. We are able to provide a full list of our clients to the County and would be very willing to discuss comparable experience in the context of not providing names related to a particular transaction decision, we believe our discretion is important to our clients and would behave to protect the interests of the County if chosen to represent the County as its swap advisor.

Following are brief case studies describing transactions where PFM as the swap advisor added significant value. The names have been removed as described above.

Basis Swap for a County Authority:

The Authority needed cash for necessary stadium repairs both immediately and over time. After reviewing various alternatives and discussing relative risk tolerances of the Authority it was decided that a "tax risk" basis swap would meet the needs of the Authority. In connection with the fixed rate Series 2002A and 2002B bonds (the "Bonds") for the Authority they executed a BMA/ "Enhanced LIBOR" floating-to-floating swap or basis swap (the "Swap") with Goldman Sachs Capital Markets, L.P. ("Goldman"). The basis swap produces expected positive cash flow to the Authority.

Under the basis swap, the Authority pays the BMA Index in exchange for receiving the following: 1) \$5,200,000 upfront payment from Goldman, 2) \$200,000 payment from Goldman annually, on each November 1 commencing on November 1, 2005 and ending on November 1, 2008, 3) a percentage of the floating-rate taxable LIBOR index based on an "Enhanced LIBOR" payment formula.

In exchange for the upfront payments and savings over time, the Authority bears basis risk or the risk that it could incur a shortfall between BMA and the "Enhanced LIBOR" variable rate received on the swap. The most likely cause of such a permanent shortfall would be a substantial reduction in U.S. marginal income tax rates. The likelihood of a reduction of sufficient magnitude so as to greatly reduce or eliminate the incremental savings from the swaps is estimated to be small.

Two (2) Synthetic Financings for Northeast Public University:

PFM assisted the University in the planning and implementation of two synthetically structured transactions. PFM was asked to assist in analyzing and implementing a swap in support of a synthetic refunding bond issue. PFM assisted the University staff in evaluating the risks and benefits associated with various structures, including those based on BMA, LIBOR, fixed percentages of LIBOR, and barrier options.

PFM recommended a percentage of LIBOR plus a fixed margin as the most cost effective option given the University's risk tolerance. We then identified that the University could increase the savings generated by the transaction by moving from an auction rate structure to a VRDO structure, which



Public Financial Management

allows the University to recoup the remarketing fee in the arbitrage yield, thereby boosting the arbitrage yield on the bonds and increasing the overall savings on the refunding.

PFM also worked with the University to analyze and consider changing from a negotiated to a competitive procurement process for the swaps to capture the highest market value for the transaction. PFM was able to analyze and execute the competitive swap in five business days, locking in a NPV savings of \$9.1 million on the synthetic refunding.

State Housing Agency:

PFM Asset Management LLC ("PFMAM") advised the State Department of Housing (the "State") on the structuring and execution of a series of floating-to-fixed callable amortizing interest rate swaps related to Series 2004C, 2004I and 2006C floating-rate bonds (the "Bonds"). The Bonds fund affordable housing loans which provide for the ability of the borrower to pre-pay the loan at par. Similar to strategies used to hedge mortgage-backed securities (MBS), PFMAM worked with the State's Financial Advisor to devise a hedge that mitigated the pre-payment risk on the underlying loans. The swaps were structured with a series of par call (cancellation) options on partial notional amounts to mirror the loans' expected pre-payment behavior based on the Pre-Payment Speed Assumption (PSA).

The swaps were competitively bid as a spread to the mid-market swap rate among four (4) major swap dealers, Bear Stearns, Bank of America, Merrill Lynch and Morgan Stanley. The State selected this approach rather than a more conventional "rate bid" in order to allow it time to finalize ISDA documentation with just a single counterparty. The swaps were to be actually executed and fixed rates locked in a few days later with PFMAM providing verification and a fair market certificate with respect to the appropriate mid-market level. Although the State did not intend to actually lock-in a rate on the swaps with the winning bidder, the prospective counterparties were nevertheless also required to submit an all-in offered rate for the swaps as of the 3PM ET close of business on the bid date. This allowed for an "apples-to-apple" comparison of spreads given the likely dispersion of all-in fixed rates for such non-vanilla swaps; indeed, the submitted all-in rates varied by as much as 27 bps from high to low bidder and the swaps were awarded to a bidder whom submitted a slightly higher spread bid, but much lower all-in fixed rates.

The swaps' embedded call options posed a complex modeling challenge since they are path-dependent, i.e. the value of successive options depends on whether an earlier option has been exercised or not. Such options cannot be priced using a standard "closed-form" (e.g. Black-Scholes) options pricing model. Instead, PFMAM employed a modified Black-Derman-Toy (Trinomial Tree) term structure model and was able to obtain estimated callable swap rates that closely approximated Morgan Stanley's offered rates within 1-3 bps at the time of trade execution. PFMAM's recommended approach to procuring the swaps and, more critically, its ability to fair-value the callable swaps at execution with the selected counterparty enabled the State to save approximately \$650,000 versus a negotiated transaction at the median bid levels.

City Redevelopment Corporation:

On March 9, 2004 the Redevelopment Corporation of the City (the "Corporation") competitively bid the sale of a BMA swaption (the "Swaption"). The Series 2000 Swaption was sold on a BMA floating to fixed interest rate swap and if it is exercised by the winning bidder, the Corporation will be placed into a variable to fixed interest rate swap. If the swaption is exercised, the Corporation will likely issue variable rate refunding bonds in 2010. In order to exercise its option, the winning bidder must pay an exercise premium of \$357,930 to the Corporation, which represents the estimated future costs of issuance related



Public Financial Management

to the variable rate refunding bonds. The future bond issuance and swap are both insured, subject to the terms of policies issued by Ambac (the "Insurer"). The project financed by the bonds is the Convention Center.

The swaption allowed the Corporation to effect a synthetic forward refunding of the bonds to lock in savings based on current market conditions. By selling the Swaption, the Corporation was able to take advantage of interest rates near historically low levels and effectively create low-cost synthetic fixed-rate debt. The terms of the swaption were structured to mirror the terms on the optional redemption feature on the Bonds. The swaption generates expected total net PV savings of \$2,599,000 (4.36% of the Bonds' par amount).

PFM SWAP AND DERIVATIVES ADVISORY SERVICES

SERVICE	BENEFIT
Review borrower assets / liabilities	<ul style="list-style-type: none"> Make an appropriate risk assessment based upon the borrower's entire asset and debt position
Assist in development of Swap and Derivative Policy	<ul style="list-style-type: none"> Policies will be in place for future transactions. Help outside parties understand the borrower's use of derivatives
Participate in borrower discussions with rating agencies regarding use of swaps and derivatives	<ul style="list-style-type: none"> Helps rating agencies understand borrowers use of these hedging tools
Prepare and present educational materials for borrower's staff / board	<ul style="list-style-type: none"> Staff members will better understand the products and be better able to monitor them
Establish framework for evaluating swap and derivative proposals	<ul style="list-style-type: none"> Allows for products to be evaluated both within the context of a hedging strategy and an overall policy framework
Help structure swap / derivative transactions	<ul style="list-style-type: none"> Makes sure that the product is appropriate to the needs of the borrower
Identify appropriate and qualified providers of swaps and derivatives	<ul style="list-style-type: none"> Ensures counterparty credit quality consistent with borrower policies and provider relationships
Prepare necessary term sheets, RFP's and other legal documents necessary to implement the selected transaction or strategy	<ul style="list-style-type: none"> Provide support documents for the transaction on favorable terms and conditions
Participate in all transaction pricing	<ul style="list-style-type: none"> Ensure counterparties provide accurate, fair pricing, and that all costs are transparent to the borrower
Coordinate the smooth closing of all transactions and provide a written Final Report and Fair Market Opinion (if appropriate)	<ul style="list-style-type: none"> Provide the borrower with a complete record of swap pricing and documentation for legal and regulatory purposes
Proactively monitor the borrowers swap portfolio on an ongoing basis	<ul style="list-style-type: none"> Capture opportunities that may arise over time due to market movements



Public Financial Management

PORTFOLIO MONITORING AND VALUATION

PFM has developed SwapViewer® a risk management platform for clients where they can view positions and risk online. As soon as a trade is transacted, it is captured in our system for processing. Valuations are performed on a daily basis, and would be reported depending on how often the County needs and level of service required. The County would also have access to a website to view these valuations and transaction details. PFM maintains its clients' entire portfolio of swap positions in its database and provides them with regular mark-to-market reports. In addition, we maintain frequent contact with clients to provide them with market "color" and to alert them to current windows of opportunity. Our swap valuation and monitoring service is led by Alfred Mukunya, a former partner and founder of the Pricing and Analytics group at the country's largest independent swap advisor for corporate and taxable entities. He was also responsible for financial strategy, hedge analysis, and execution. In addition to high volume trade execution on behalf of clients, Mr. Mukunya has extensive modeling, portfolio management, and reporting experience. He was also a risk manager for Citibank's Interest Rate Derivatives desk in New York City. Our clients benefit from this expertise combined with advanced derivative pricing software.

SwapViewer® uses a combination of proprietary models and off-the-shelf derivative software to value the contracts. The market curves are captured each close of business, and valuations are processed daily. Standard risk terms such as Dollar Value of a Basis Point (DV01), which measures the dollar value change in an upward move in the yield curve are captured for each transaction. Customized scenarios are produced by allowing for custom curves, and these rates are then applied on the contracts.

The SwapViewer® database monitors over one thousand transactions with attendant documents, payment calculations, reports, transaction history, counterparty current and historic ratings, exposures, risk analyses, etc. The County can perform powerful associations, groupings, sub-groupings and produce these reports online.

Other important items stored are the detailed ISDA documents associated with the appropriate hierarchy i.e. the Master, Schedule, Credit Support Annex, and trade Confirmation. Customized scenarios are produced by allowing for custom curves, and these rates are then applied on the contracts. Our design of the SwapViewer® application will enable the County to view swap summary information, counterparties, notional amounts, average life, Dollar Value of a Basis Point (DV01), Present Value of a Basis Point (PV01) and other risk measures on a given valuation date. In addition, the County can go back in time to view historic valuations, activity, counterparty ratings and so forth as applicable at a given historic point in time. When SwapViewer® performs stress test sensitivity analyses such as +/- 100 bps and +/- 200 bps, one can view other risk parameters of each transaction at the stressed levels, and in addition view the effect on required collateral at given thresholds. This is viewable online, and can be exported to Excel.

PFM's swaps monitoring and risk management capabilities employ state-of-the-art technology. Our investment in building the industry "best-of-breed" swaps monitoring and valuation platform, SwapViewer®, demonstrates our commitment to the derivatives advisory area. SwapViewer®'s robust database capabilities enable us to instantly update clients on market developments. For example, PFM used it back in 2007 to immediately notify clients whom had swaps with Bear Stearns Capital Markets (at the start of the sub-prime mortgage woes) of their portfolio's current market position after Bear was placed on negative outlook by S&P. Since then, the application has been indispensable to our clients with the ongoing stresses being experienced by the bank counterparties.



Public Financial Management

Our sensitivity to client and public finance needs ensured we captured insurer information even when the client did not require it. Where applicable, we associated each insured swap with the appropriate insurer. We did not anticipate the crisis with the insurers, but by using SwapViewer®'s ability to group transactions by insurer, our clients were well positioned with information and knew right away how they were affected by the insurer crisis.

PFM's substantial technical resources and large volume of derivatives advisory business gives us a competitive advantage and distinguishes us from smaller swap advisors. PFM's vast client base allows us to achieve economies of scale in developing new applications and technology that can be offered cost-effectively to serve our swap advisory clients.

PFM generally uses the "Swap Manager" (SWPM) screen on its Bloomberg terminal to double check its swap transactions on SwapViewer®, therefore we are intimate with maintaining transactions on the "SWPM" screens.

Among many features available on SwapViewer®, swap payments are calculated and displayed online for verifications by our clients. We take great pride in ensuring the highest degree of accuracy in payment calculations. When a swap is captured into our system for processing, we pay extreme close attention to the details on how rate reset dates are adjusted and when the actual rates are observed. We abide faithfully to the terms in the ISDA Definitions, while noting irregularities or exceptions to the terms outlined in the swap confirmations.

When there is a scheduled swap payment due to/by our clients, they habitually log onto SwapViewer® to verify calculations provided by their bank counterparties against ours. Ordinarily, the numbers match and the client either fulfills or receives the payment with the knowledge that they have been independently validated. However, disparities do occur occasionally, especially around the holidays when business day adjustments arise. When that happens, we obtain a detailed payment notice either from the client if he/she has one or directly from the bank counterparty. The process thereafter is to verify rate reset dates, the fixing dates for when the rates are observed, and then the actual rates and payment calculations. We then get in touch with the back office of the bank counterparty directly and differences are usually resolved immediately. In one occasion, we meticulously went over the terms in the ISDA Definitions with a legal counsel at a major bank and in the end he agreed with our interpretation and mentioned the need to change their own system. In another case where the terms in the swap confirmation were ambiguous, we contacted the bank counterparty and were able to reach a satisfying agreement for the client.



Public Financial Management

Screen Shot showing Period Frequency, Reset Frequency, Day Count Convention; historical rates, rate resets, and payment settlements all processed and stored daily as available per the stated swap contract.

[+] RECEIVE / Floating							
Period Freq:	12 = Monthly						
Reset Freq:	52 = Weekly						
Payment Freq:	12 = Monthly						
Daycount Conv:	2 = Act/360						

Effective Date	End Date	Payment Date	Days	Spread	Rate	Notional	Payment Amount
[+] 07/01/2005	08/01/2005	08/01/2005	31	N/A	2.27290%	\$100,000,000.00	\$195,721.94
Fixing Date	Reset Date	End Date	Days	Rate Reset			
06/29/2005	06/30/2005	07/07/2005	8	2.23780%			
07/06/2005	07/07/2005	07/14/2005	7	2.23780%			
07/13/2005	07/14/2005	07/21/2005	7	2.27005%			
07/20/2005	07/21/2005	07/28/2005	7	2.30355%			
07/27/2005	07/28/2005	08/04/2005	4	2.33830%			

Effective Date	End Date	Payment Date	Days	Spread	Rate	Notional	Payment Amount
[+] 08/01/2005	09/01/2005	09/01/2005	31	N/A	2.39740%	\$100,000,000.00	\$206,442.78
[+] 09/01/2005	10/03/2005	10/03/2005	32	N/A	2.52101%	\$100,000,000.00	\$224,089.78
[+] 10/03/2005	11/01/2005	11/01/2005	29	N/A	2.65096%	\$100,000,000.00	\$213,549.56
[+] 11/01/2005	12/01/2005	12/01/2005	30	N/A	2.76679%	\$100,000,000.00	\$230,565.83
[+] 12/01/2005	01/03/2006	01/03/2006	33	N/A	2.91470%	\$100,000,000.00	\$257,180.83
[+] 01/03/2006	02/01/2006	02/01/2006	29	N/A	2.98817%	\$100,000,000.00	\$240,713.63
[+] 02/01/2006	03/01/2006	03/01/2006	28	N/A	3.06147%	\$100,000,000.00	\$238,114.33

GASB 53

SwapViewer® reports contain the information necessary for compliance with GASB (Governmental Accounting Standards Board) Technical Bulletin 2003-1 which the County should use for accounting requirements. Engaging PFMAM for swap monitoring would include facilitation on drafting the footnote disclosure as required by GASB. The recently released GASB Statement No. 53 went into effect for periods beginning after June 15, 2009. The new requirements can be summarized as follows:

1. Derivative instruments must be reported at fair value on the balance sheet.
2. Derivatives instruments must be evaluated for effectiveness through time.
 - Effectiveness testing methods consist of (a) Consistent Critical Terms, (b) Synthetic Instruments, (c) Dollar Offset or (d) Other Methods; details which are outlined in the Statement
3. Changes in fair values of derivative instruments must be recognized either:
 - (a) on the balance sheet or statement of net assets, if the derivative passes its effectiveness test OR
 - (b) as investment revenue (i.e. gain or loss through statement of revenues, expenses, changes in fund net assets, as appropriate) if the derivative fails, or is not a hedge.

The Statement requires the government to provide a summary of activity through the reporting period, which means a database like SwapViewer® will be essential for keeping track of activity.



Public Financial Management

Through the time GASB was drafting the Statement, we have provided examples, commentary and testimony to them for over a year based on our expertise particularly in implementing the more rigorous FASB Statement No. 133 for corporations. Engaging PFMAM for swap monitoring will ensure that the County and its auditors are current with regards to these new accounting requirements.

SWAPVIEWER DEMONSTRATION ACCESSIBLE ONLINE

To view a demonstration of SwapViewer, please follow this link: <http://www.swapviewer.com/demo>

Please provide detailed plan of approach (including major tasks that shall be completed).

PFM's approach towards addressing the County's needs goes beyond traditional transaction management; our approach incorporates our professionals' expertise with long-term financial planning, sophisticated model development, quantitative strategies and pricing analysis to answer complex questions and reduce financing costs and risks in all market environments. We are prepared to assist in the development of financial strategies which support the Blount County's long-term vision, policy goals and objectives. We believe that our approach to provide Financial Advisory services is distinguished by the following:

DEVELOPMENT OF CAPITAL PLAN AND FINANCIAL POLICIES

PFM views capital planning as an essential component of our clients' overall debt issuance and financing program. Having an idea of future financing needs will enable the County to structure current debt offerings to ensure cost-effective financings in the future. Establishing policies regarding the capital plan provides formal written procedures for measuring and making financial decisions. In addition, rating agencies look favorably on debt issues that are part of a well-conceived, long-term plan as opposed to financings that are carried out in a fragmented, disorganized manner; establishing long-term policies and plans demonstrates sophisticated financial management. Ultimately, implementing and/or editing current financing and debt policies will enable the County to carry out capital expansion plans more efficiently while preserving market access for future debt.

PFM is driven not by financial transactions, but by financial planning. We believe our performance can be successful only if our clients have developed a long-term capital plan which includes financial policies and the identification of alternative revenues such as impact fees, assessments, grants, service fees, stimulus monies and other revenues. After assisting the County to develop a capital plan which is customized to meet its needs, PFM will ensure that each successive financing is executed in a manner consistent with the policies set in the long term capital plan.

REVIEW EXISTING DEBT STRUCTURE

As your financial advisor, PFM will analyze the County's existing debt portfolio as it relates to market risks and affordability. Evaluating the current debt profile and the mixture of liquidity providers, fixed rate, variable rate bonds and swap exposure will be part of PFM's approach as the County's Financial Advisor. PFM will also evaluate financial resources available to the County by considering the types of revenues available, their stability over time, and their forecasts for growth. The results will be compared to the existing debt structure to determine how much debt can be issued while still maintaining sufficient cash flow coverage to preserve the County's credit rating. Finally, a review of the legal structure will provide the basis for the consideration of financing alternatives that are currently available.



PLAN OF APPROACH - TRANSACTIONS

Develop and Monitor Financing Schedule:

To facilitate the timely completion of all tasks, PFM will prepare a transaction calendar that clearly identifies the responsibilities of each participant in the transaction. The schedule will be designed to permit sufficient time for review of all disclosure materials by issuer officials prior to final printing and distribution.

PFM will utilize its extensive experience to prepare a schedule that allows for the orderly completion of each component of the transaction. Moreover, we will work closely with all external participants (e.g., printers, rating analysts, etc.) to ensure that their tasks are coordinated with the activities of the issuer's staff.

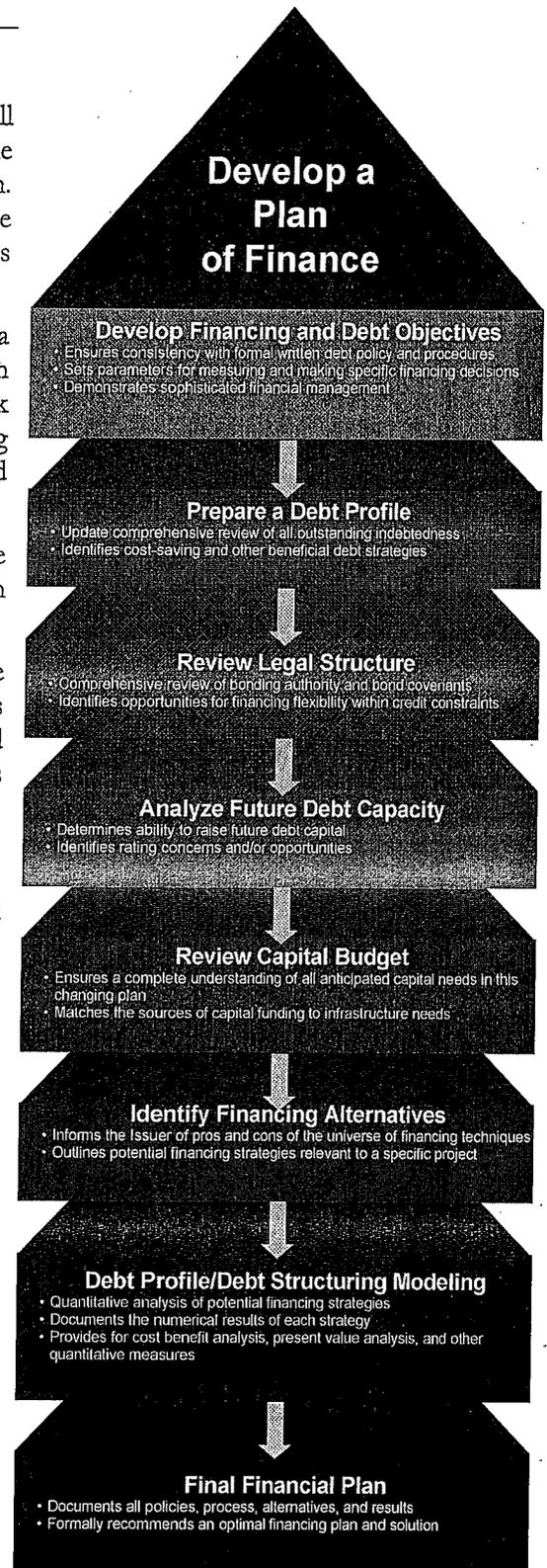
Finally, we will keep issuer officials informed about the progress of the financing and, if necessary, remind team members of deadlines.

At the outset of the engagement, we will evaluate the existing and expected credit market conditions, features of the credit, and financing time schedule associated with the proposed bond sale. These and other factors will be used to develop a recommended method of sale.

Procurement of Financial Services:

PFM will assist the issuer, as needed, in identifying and procuring special financial related services that may be needed over the course of its financing program. Some of these services are generic to any financing alternative while others may or may not be required depending on the financing vehicle chosen. Services needed for many financings include:

- Special Tax Counsel
- Underwriter Selection
- Trustee Selection
- Paying Agent Selection
- Verification Agent Selection
- Escrow Agent Selection
- Feasibility Consultants





Public Financial Management

Develop Financing Documents:

Once a financial plan has been adopted by the issuer, the financing team will be responsible for drafting, printing, adopting, and distributing all legal and disclosure documents. PFM's project team members have experience assisting issuers across the nation to prepare the necessary ordinances, legal documents and other disclosure documents for the issuance of taxable and tax-exempt securities. On complex projects, this phase of the project can be extremely time-consuming. PFM will coordinate with issuer officials, bond counsel, underwriters, banks, and other team members the preparation, review, and finalization of all bond document preparation activities, including the preparation and review of trust indentures, official statements, loan agreements, reimbursement contracts, trust participation agreements, purchase contracts, remarketing agreements, and other contracts that may be necessary for bond issues and other debt instruments considered by the issuer. Other documents, such as feasibility studies, use agreements, and arbitrage certificates, are the responsibility of other parties, but their preparation will be incorporated into the document preparation work coordinated by PFM prior to the sale of securities.

Timing of Sale:

Over the last year, volatile market conditions have forced issuers to carefully time their tax-exempt borrowings. Factors such as wildly fluctuating interest rates, unprecedented upheaval in the international economic community, and regular federal tax reform proposals have combined to create a very volatile tax-exempt market environment. To assist its clients with the timing of proposed issues, PFM closely monitors all such developments and evaluates the potential impact of each on new-issue, tax-exempt securities.

In addition, PFM's regional and national perspective would allow the issuer to coordinate its offerings with those of other issuers. This effort is designed to focus underwriter interest on the issuer's transaction by separating them from other sales. Our overall goal is to identify a market in which: (i) interest rates are stable; (ii) the supply of tax-exempt securities is light; and (iii) there is significant demand from both institutional and retail investors.

While PFM is committed to identifying a favorable sale date for each of the issuer's transactions, we recognize that there are inherent risks in trying to anticipate market trends and believe that the issuer's own cash flow needs would normally be the most important factor affecting the timing of a particular sale. Our advice to the issuer concerning issue timing will reflect PFM's sensitivity to your needs, our experience with the sale of more than \$440 billion of tax-exempt debt, as well as our cautious interpretation of all current market and legislative information.

Marketing Information:

- a) *Disclosure Documents* - Working closely with the issuer's staff and bond counsel, PFM will be actively involved in the development of key disclosure materials required to effectively market the issuer's issues. These disclosure materials include the preliminary official statement ("POS"), the final official statement ("OS"), the official bid form and the notice of sale ("NOS"). The importance of the POS cannot be overstated. It serves not only as the primary marketing and promotional tool for the issuer and underwriter and as the vehicle for the disclosure of important financial and legal information about the issuer, but also as the primary source of information to rating agencies. It distributes factual data, but also relays a message about the issuer's management style. Therefore, summary and technical explanations must be clear and the documentation must be comprehensive and well organized. With minor modification following the sale, the POS becomes the final OS—



Public Financial Management

the public document of record for the financing and the issuer's only official contact with most of its investors.

For the issuer's offerings, PFM will work closely with the administrative staff to ensure that the POS is in full compliance with SEC guidelines, industry standards, and the guidelines developed by the GFOA and MSRB. To the extent needed, our advisory team will review the issuer's existing POS format and recommend any changes that may enhance the presentation of relevant information.

- b) *Information Meetings* - PFM will closely monitor the number and composition of all underwriting syndicates organized for the issuer's sales. We will interact directly with these groups and respond promptly to any questions that may arise concerning the issue. When it is deemed appropriate, PFM will organize and participate in investor information meetings to describe in greater detail all elements of the transaction. These could be held both nationally (usually in New York) and regionally to include all firms that may have an interest in the issuer's bonds.
- c) *Marketing Calls* - In those cases where we are working directly with the issuer on a competitive sale, PFM will follow up the mailing of the POS the week before the sale with individual calls to all the major national and regional firms that we feel should be interested in the financing to answer any specific questions they might have and to encourage them to submit bids to the issuer. We have found that this process has been very successful in increasing the number and competitiveness of the bids an issuer would receive.
- d) *Bid Forms* - In its preparation of the official bid form, PFM will work with the issuer's bond counsel to ensure that all statutory requirements are satisfied. In addition to these legal constraints, PFM will evaluate the impact of various bidding provisions on the resulting debt service schedule. Our efforts would be designed to allow bidders maximum flexibility as long as the interests of the issuer are protected.

Rating Agency Presentations:

PFM has developed considerable experience working with the major national rating agencies. As a result of our experience advising more than one hundred clients each year to issue tax-exempt securities for a wide range of purposes, PFM has developed a clear understanding of the analytical methods utilized by Moody's Investors Service, Standard & Poor's Inc. and Fitch IBCA. Our professional staff is trained to conduct in-depth credit analyses comparable to the rating agencies so that both credit strengths and weaknesses can be identified by the issuer prior to the presentation of materials to rating analysts. This experience has been effectively utilized recently to improve the credit ratings assigned to several communities across the nation.

As a normal course of any financial advisory engagement, PFM professionals are called upon to meet with municipal officials of our client, other professionals participating on the financing team, outside interests which may require a briefing on the details of a financing mechanism or program, rating analysts, investors and representatives of Letter of Credit Banks or bond insurers.

We will work closely with the rating agencies to fully understand their concerns and methodology and to design the issuer's presentations, as described below, to specifically address each agency's questions in a meaningful way. In addition, we maintain close personal contact with staff members at the rating agencies regarding their views of debt covenants, innovative financing techniques and unusual debt structures. PFM will complete the following as part of the rating process:



Public Financial Management

- Provide Presentation Training to Issuer's Staff
- Provide Outline for Presentation
- Assist with the Collection of Data
- Recommend Presentation Format
- Conduct Rehearsal of Rating Presentation

Assist with the Pricing of the Bonds:

PFM's Role in Negotiated Bond Sales

PFM has a dedicated, in-house bond Pricing Group that will join the core finance team to support the pricing of the County's bonds. PFM's Pricing Group operates completely independent of the underwriting of municipal securities by banks and securities dealers. *PFM does not underwrite, buy or sell securities, nor are our services contingent upon the issuance of debt.* Our only immediate or long-term direct or indirect loyalty is to the municipal clients that have employed us to provide professional financial advice. Underwriters have to meet the goals of two clients: the issuer and the investor. PFM's only role is to meet the goal of its sole client: Blount County.

The formation of PFM's Pricing Group provides centralized access to market information and trends, leverages our knowledge firm-wide for our clients' benefit, cultivates professional peer-to-peer relationships with underwriting desks, and fosters a better understanding of the internal workings of the underwriting process at the investment banks.

Our approach to pricing debt instruments is unique in the municipal industry. PFM takes a rigorous and quantitative approach to pricing an issuer's bonds. Instead of "calling around" to investment bankers to get a feel for the market, we provide our clients with informed, independent advice on the structure and pricing of all their debt instruments. Our capital markets access and experience, combined with our vast technical capabilities and expertise in financial modeling, our total commitment to the issuer's point of view, our knowledge of state and federal securities law, and our clout as the largest financial advisor in the market, enables PFM to offer our clients unparalleled depth and aptitude as their financial advisor. We are in the primary market, on average, three times per day pricing tax-exempt bond issues for our clients. Moreover, we maintain a database on the pricing performance and syndicate member compensation on our client's bond issues.

Our professionals also share information on unique structuring ideas, or challenges that certain structures have faced in the market. This information is analyzed by our Pricing Group, using various quantitative models and market indices to understand how our clients' bonds should price. In negotiated sales, we use these analyses to determine the target price that we expect the underwriter to meet, and provide the analysis to the underwriters that support our position. In competitive sales, we understand what investors will be looking for and we design our clients' issues to ensure that as many banks are bidding on our clients' bonds as possible while still maintaining their finance/structural objectives. In this regard, we pioneered the use of electronic sales of bonds, and "plain-English" Notices of Sale and Official Statements to attract more bidders.



Public Financial Management

Pricing Resources

- > Pricing Desk dedicated to primary market pricing
- > Access to industry market services & data
 - ✓ Bloomberg
 - ✓ Municipal Market Advisors
 - ✓ Municipal Market Data
 - ✓ Thompson Municipal Market Monitor (TM3)
 - ✓ DBC
- > Asset Management Group involved in fixed income market daily
- > On average, PFM prices three transactions every business day
- > Experience pricing different types of structures

Analytical / Structuring Tools

- > Call Option Valuation Model
- > Deep Discount Bond Pricing Analysis
- > Insurance Valuation Model
- > Refunding Screen with Option Valuation
- > Defeasance/Tender Optimization Model
- > Deal Pricing
 - ✓ Conduct Option Adjusted Spread Analysis
 - ✓ Develop Coupon and Term Bond Strategies
 - ✓ Establish Target Scale
 - ✓ Communicate Pricing Expectations to Underwriter
 - ✓ Negotiate Scale and Pricing Strategy
 - ✓ Review Sales and Market Conditions
 - ✓ Negotiate Final Scale

PFM maintains databases on the debt issued for hundreds of our clients. These databases allow us to evaluate the relative pricing performance of their fixed rate bond issues, as well as variable rate programs. PFM has developed proprietary software, referred to as a client's "Debt Profile" to monitor and evaluate these issues. Consequently, PFM has the ability to quickly and independently benchmark an issuer's pricing performance relative to current market levels, based upon the issuer's past performance, the performance of comparable credits, both recent and historical, and/or relative to other markets such as the Treasury, municipal swap, triple-A tax-exempt, or individual specialty state markets.

For fixed-rate debt issues, we analyze each maturity of a bond issue on a historical basis, comparing prior transactions (on a maturity-by-maturity basis) to various indices to establish relative credit spreads. These indices include the triple-A scales prepared by Municipal Market Data ("MMD"), Bloomberg L.P., the Municipal Market Advisors ("Consensus"), and Delphis Hanover ("Delphis"). Additionally, we will compare prior fixed rate debt issues to comparable credit structures (double-A GOs, A Water Revs, or MBIA Insured State Gas Tax issues), and where necessary compare specialty-state issuers and/or other

national credits (state GOs, SRFs, or state bond banks).

PFM will enter the pricing of the County's bonds with an independent view of how each maturity should price. Our view is well respected by the underwriting community and often serves as the basis of pre-pricing adjustments to the scale.

We will actively monitor the sale of the debt during the order period. Recommendations will be made to the County regarding re-pricing of all or a part of the debt structure based on preliminary orders and market conditions over the course of the order period, and our own quantitative analysis of the County's appropriate yield schedule vis-à-vis the rest of the market.

We would work with the County throughout the pricing, assisting in evaluating the efforts of the underwriting team. To ensure that the bonds are selling in the manner represented, we often call other firms in the syndicate to check the sales progress information. Our contact with other underwriting firms, tied to our own market analysis, gives us sufficient information to objectively evaluate the underwriter's performance and, therefore, to increase the probability that the County will obtain the lowest true interest cost possible on its debt. PFM may also make recommendations regarding the "bond allocation" among underwriters, to ensure that those who are selling the bonds at the best rates are receiving a sufficient supply of bonds.

Furthermore, PFM also staffs a practice focusing exclusively on swap and derivative transactions. This practice has the live-data feeds, technical proprietary programs, and databases to quickly and accurately price any swap or derivative transaction. We can independently calculate the mid-market price point for any swap and thereby immediately know the counterparty compensation level inherent in any proposed structure. We also maintain a swap transaction database that permits a given transaction to be compared to current and historical market data. This database also permits comparative analysis of pricing, fees, and terms of synthetic and other non-traditional debt structures.



Public Financial Management

PFM's only immediate or long-term direct or indirect loyalty is to the municipal clients that have employed us to provide professional financial advice. It is important to keep in mind that underwriter trading desks generally provide accurate information, assuming that the right questions are asked, but underwriters have to meet the goals of two clients: the issuer and the investor. PFM's only role is to meet the goal of its sole client: Blount County.

PFM's Role in Competitive Bond Sales

The PFM approach to developing and marketing a competitive issue relies not only on garnering the highest possible ratings (although much thought and energy is directed to this end), but also on broadening general market awareness of the issue, highlighting its special features and the attractive nature of the securities. This portion of the process involves reaching the key market opinion-makers in a way that ensures keen interest in the issuer's bonds.

PFM maintains an extensive national mailing list of underwriting firms interested in purchasing bonds. This mailing list can be broadened to include additional firms, including regional underwriting firms, to ensure that the preliminary official statement is distributed to the largest possible underwriting audience. The disclosure documents are distributed well in advance of the sale date, ensuring that the sale is included early in the sales calendars of all national and local potential bidders.

The structure of the issue plays an important role in the marketability of the issue. In a competitive sale, there is no opportunity to test the market for a particular bond structuring or credit feature. Therefore, broad experience with marketing debt of all types and features, as well as frequent and recent participation in the current market, is desirable. PFM serves a large number of issuers across the nation and is in the market virtually every day of the year. Consequently, we are constantly kept up-to-date on national market trends and overall credit market conditions. The active involvement will help to ensure that the timing and structure of the proposed sale is optimized to achieve the lowest possible interest costs.

PFM is experienced in developing and conducting informational meetings with underwriters and institutional investors. We are in daily contact with market makers and can help stimulate interest in the client's offerings. Additionally, we will organize and conduct such a meeting, if it is determined that it would improve the marketing of the proposed issue.

Immediately prior to the competitive sale, we call a list of local and frequent national buyers, ensuring that all last-minute questions are answered, rating and insurance information is correct, and if the firm will bid at the sale. Information regarding the number of bidding syndicates and the members is also gathered at this time.

In addition to the marketing efforts associated with conducting a competitive bond sale, PFM will normally assist the issuer with the procurement of services and products at the lowest possible cost by ensuring that qualified providers compete intensely for the issuer's business. Our experience with many competitive issues each year provides expert knowledge of the lowest-cost, qualified providers and the current market costs for services and materials.

Assist with Closing:

PFM will work with all parties involved with the closing to prepare a schedule of tasks to be completed prior to closing and identify the party responsible for completing the task. These tasks include printing and preparing bond certificates (if printed bonds are used), completing the final official statement, preparing closing documents, arranging for the transfer of funds and investment of funds.



Public Financial Management

In preparation for closing, PFM will work with the issuer's bond counsel and other members of the financing team to prepare and review all required documentation. This will include our direct dealings with the official statement printer and bond printer, as well as coordination of bond registration with the underwriter and registrar. Our advisory team will arrange for either registration of the bonds with the Depository Trust Company or delivery of the bonds and the simultaneous transfer of "same day" funds into the accounts identified by the issuer. If the transaction is a refunding, PFM will assist in the purchase of U.S. Treasury securities for the escrow. Other closing arrangements will also be completed so that officials of the issuer can be confident that each transaction will be completely and professionally brought to a close.

PFM is also prepared to offer the issuer its full range of investment management services if the County requests this service. If asked to provide investment management services, these services will be performed by PFM Asset Management, LLC located in PFM's Harrisburg, PA office.

While Blount County would prefer to handle this refinancing through competitive public sale, we understand that there may be factors that make that approach less appealing. Please provide an assessment of those factors, if any, that may exist.

Public Financial Management, Inc. ("PFM") recognizes that substantial empirical evidence supports the fact that competitive sales produce lower borrowing costs for municipal issuers. We also recognize that issuers (a.) have, at times, valid non-financial objectives to be achieved through debt issuances and (b.) may be subject to conditions that require added flexibility not present in competitive sales. As a result, PFM is highly experienced in both modes. Securities Data Corporation reported competitive and negotiated transactions for PFM in 2009 as follows:

Mode	Transactions	\$ Millions
Competitive	368	9,972.0
Negotiated	464	41,616.5

PFM's role in both a negotiated and competitive sale has many similarities. Our job is simply to get the best results possible. This includes structuring, marketing and pricing of a transaction. Regardless of the choice of a negotiated or competitive sale, we run the numbers and prepare the sensitivity analyses necessary so that the County has an independent evaluation of the pricing. For a competitive sale, we work with a number of underwriters and investors to market the bonds, so that the maximum number of bids is received. On a negotiated sale, we support the marketing efforts of the senior manager and we begin to set pricing and interest rate expectations early in the process. That being said, the factors supporting one sales methodology versus another and our specific approach in more detail are highlighted in the chart below.



Public Financial Management

	Competitive Sale	Negotiated Sale
Issuer		
Type of Organization	Broad-based, general purpose government	Special purpose, independent authority
Frequency of Issuance	Regular borrower in public market	New or infrequent issuer of debt
Market Awareness	Active secondary market with wide investor base	Little or no institutional base, but growing dealer interest
Credit Quality		
Rating	"A" or better	Below single "A"
Pledged Revenues	General obligation	Project supported revenues
Security Structure	Conventional resolution and cashflow, rate covenant and coverage	Unusual or weak covenants, subordinated debt
Trend	Stable	Improving or under stress
Market Conditions		
Interest Rates	Stable, predictable market	Volatile or declining market
Demand	Strong investor demand, good liquidity, light forward calendar	Oversold market, heavy supply
Debt Structure		
Tax Status	Tax exempt, no concerns	Taxable
Debt Instrument	Traditional serial and term, full-coupon bonds	Aggressive use of innovative bond structuring, derivative products, swaps or variable-rate debt instruments
Marketing		
Use of Underwriters	Broad market participation, banker and direct business to local or regional firms	Ability to select "best qualified"
Investors	Process blind to ultimate investors	Sale can be managed to achieve wide distribution or targeted allotments
Pre-marketing	Limited need for pre-marketing commodity, market pricing	Specific pre-sale activity to generate demand
Flexibility in Timing	Limited flexibility	Greatest flexibility in timing
Fine Tuning Structure	Limited options given to bidders	Unlimited ability to fine tune
Cost		
Gross Spread	Historically, spreads have been lower for competitive sales	Recent data shows negotiated deals to have equal or higher spreads than competitive sales
Interest Rate	Highest market price for commodity offered on day of sale	Best match of product with specific investor demand
Preparation		
Resolution/Structure	Issuer determines own preference for managing	Professional banking support and more direct marketing input in balancing security for investor vs. flexibility for issuer
Disclosure	Issuer relies on own program disclosure	Underwriters' counsel assists in the preparation of official statement

Our recommendation regarding the method of sale is derived after considering all the above referenced factors. Issuer preference for focusing on local investors and minority participation are also considered. As an independent financial advisor, we have no vested interest in either method of sale so our advice is based solely on these factors.

PFM will recommend the method of sale that will provide the lowest cost of borrowing after taking into consideration market conditions, structural factors and the County's specific goals for the project and broader policies and objectives.

If Blount County were to consider refinancing through a negotiated transaction, will you wish to resign as financial advisor and apply for the role as underwriter?

PFM does not sell or underwrite securities. There would never be a need for us to resign our duties as independent financial advisor to Blount County. While we are sensitive to investor preferences from a credit, marketing, structuring and pricing perspective, Blount County's needs and requirements would always be our first priority.



Public Financial Management

Please provide estimated costs associated with your recommended approach and estimated fees for your services and whether or not you require payment on a retainer basis or as part of underwriting costs.

NON-TRANSACTIONAL SERVICES

For consideration associated with the rendering of non-transactional general consulting financial advisory services; the Financial Advisor proposes to charge a quarterly retainer of \$3,000. This retainer covers items such as preparing presentations and meetings with rating agencies outside of a transaction; analyzing, reviewing and making recommendations on investment banking proposals; negotiating third party contracts; debt planning; and other similar services.

TRANSACTIONAL BASED SERVICES

In consideration of the transaction based services described, the Financial Advisor will be compensated for services associated with the **issuance of long term bonds and capital outlay notes** on a per bond fee basis. This fee is contingent upon the successful closing of the bond issue and will not be payable until that time.

For future issues, the Financial Advisor agrees to the following fee schedule on a per bond basis for each series issued:

Issue Amount Fee Per \$1,000

First \$5 million	\$2.50 per thousand
Next \$5 million	\$1.75 per thousand
Next \$15 million	\$1.25 per thousand
Next \$25 million	\$1.00 per thousand
Over \$50 million	\$0.75 per thousand

For Services rendered with respect to any revenue or refunding financings, the above fees shall increase by 25%. The minimum compensation for advisory work related to any single series debt transaction shall be \$15,000; the maximum compensation for advisory work related to any single series debt transaction shall be \$85,000.

SPECIAL PROJECTS SERVICES

For consideration associated with the rendering of financial advisory services associated with special projects requested by the County and outside the scope of services, the Financial Advisor proposes to charge hourly rates for professional services. These rates are as follows:

<u>Title</u>	<u>Rate/Hour</u>
Managing Director	\$250
Senior Managing Consultant	\$200
Consultant	\$190
Associate	\$125



Public Financial Management

SWAP ADVISORY SERVICES

PFM believes that successful swap and derivatives transactions are not highly correlated with the total number of hours expended and thus do not lend themselves to standard financial advisory fee arrangements. Rather, successful outcomes depend instead on: 1) experience and technical expertise of swap advisor personnel, 2) credibility with the dealer community and 3) technology and support infrastructure.

We are proposing the following fee schedule if selected as swap advisor to the Issuer:

Swap and Derivatives Advisory	Fee Schedule (per transaction)	
	New Swap ¹	Termination
Structuring and Competitive Bid	pv of ½ bp per annum	\$12,500
Structuring and Negotiation	pv of ¾ bp per annum	\$10,000
Valuation and Reporting	\$5,000 per annum ²	

- written report included with all engagements; Fair Market Opinion included for negotiated transactions. No additional out of pocket fees will be charged.

¹subject to minimum fee of \$20,000, \$200,000 maximum fee.

²assumes monthly valuation for up to five (5) "plain-vanilla" transactions and includes 24-hour access to SwapViewer™ website

Therefore a hypothetical \$50 million notional swap transaction assuming a 30-year final maturity (18-year weighted average life) would be subject to a fee of 0.5 basis points or \$29,250 for a competitive bid or 0.75 basis points or \$43,875 for a negotiated pricing (including Fair Market Opinion). All fees would be subject to the minimum and maximum amounts stated above.

EXPENSES

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Appropriate documentation will be provided.



Public Financial Management

Please provide an estimated financing schedule including closing date.

Due Date (estimated)	Activity Name	Responsible Party
Week one	Analysis and Report on County's existing Debt Portfolio	PFM/County
<i>On Going</i>	Craft and Develop Financial Debt Policies to aid in decision making	PFM/County
Week two	Develop financing plan related to restructuring existing debt and any proposed new debt	PFM/County
Week three	Prepare and Distribute Financing schedule and distribution list	PFM
	Prepare and Distribute Initial Resolution	Bond Counsel
Week four	Prepare initial draft of Preliminary Official Statement (POS)	PFM
	Incorporate comments on Resolution and redistribute	Bond Counsel
Week five	Incorporate comments on POS and redistribute	PFM
	Notify Rating Agencies of Issue	PFM
	Distribute Draft Rating Presentation	PFM
Week six	Incorporate comments on Rating Presentation and redistribute	PFM
	City Council approval of Resolution	Bond Counsel/County
	Public Notification regarding proposed bond issue as required by state and/or local statutes	PFM/County
Week seven	Rating Presentations	PFM/County
	Distribute RFP for support services and provide the City a recommendation	PFM
Week eight	Receive Ratings	PFM/County
	Finalize and post POS on competitive bidding website	PFM
	Marketing calls to potential investment banks	PFM
	Prepare bid model to assist in bid verification	PFM
Week nine	Pricing	PFM/County
	Revise and distribute Official Statement (OS)	PFM
Week ten	Prepare and distribute Closing Memorandum	PFM
Week eleven	Prepare and distribute Financial Advisors Memorandum	PFM
	Pre Closing	Working Group
	Closing	Working Group



Public Financial Management

Please provide three (3) references that can attest to your qualifications, character and reputation.

Hamilton County, TN
Louis Wright
Administrator of Finance
5th Floor, Newell Tower
117 East 7th Street
Chattanooga, TN 37402
423.209.6303
louisw@mail.hamiltontn.gov

City of Franklin, TN
Russell Truell
Finance Director
P.O. Box 305
Franklin, TN 37065
615.791.1457
russellt@franklintn.gov

Shelby County, TN
Jim Huntzicker
Chief Administrative Officer
160 N. Main Street, Suite 801
Memphis, TN 38103
901.545.4269
James.huntzicker@shelbycountyttn.gov

*Response to Request for Qualifications to Provide
Financial and/or Swap Advisory Services to*

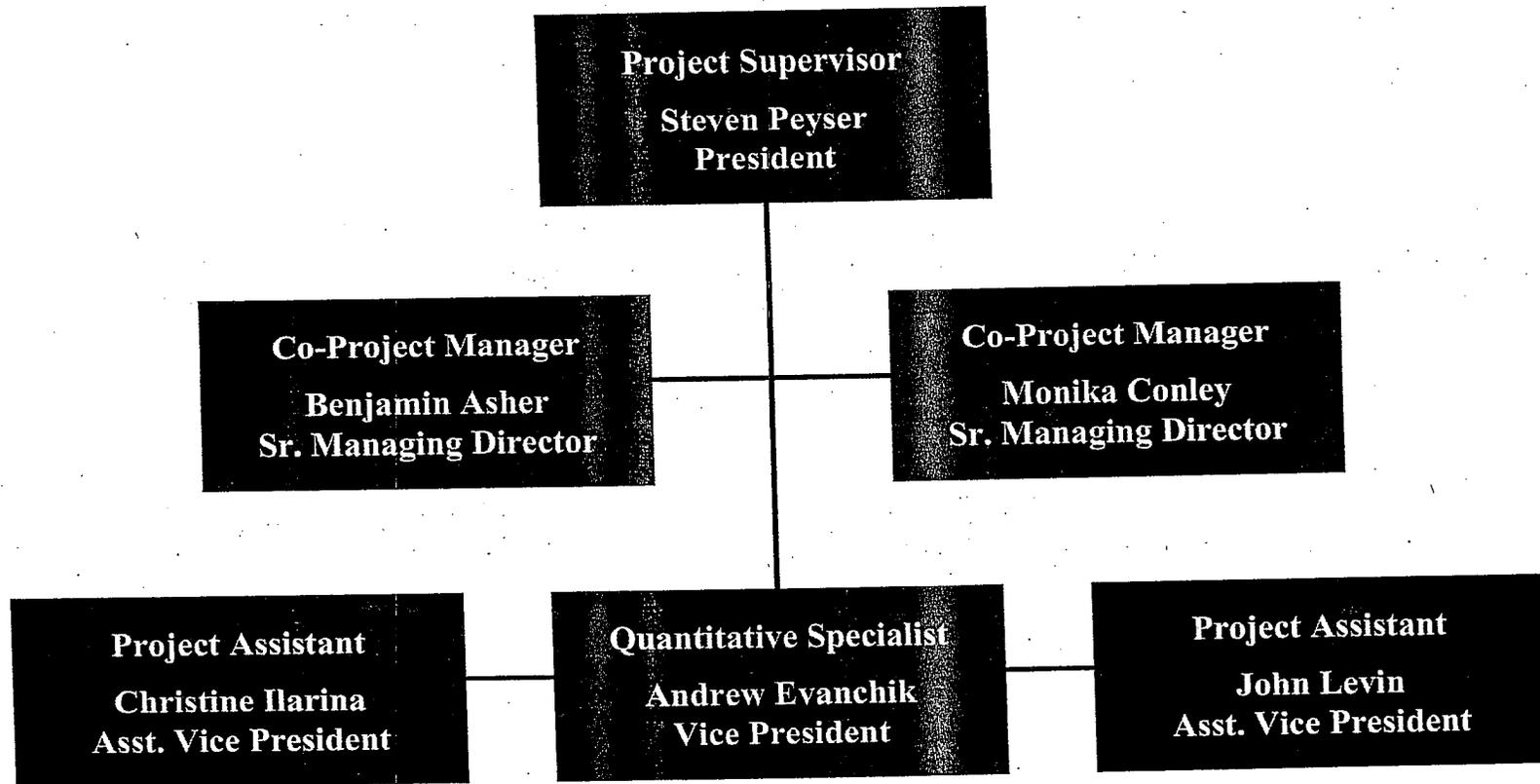


Blount County, Tennessee

February 18, 2010

P
R
A
G

Proposed Project Team



Public Resources Advisory Group Is a Leading Financial Advisor

Unique Qualifications

- Created in 1985
- Headquartered in New York City
- An *independent* financial advisor
- Wholly owned by employees
- Sole business is providing financial advisory services for municipal issuers
- All senior staff have more than 15 years of financing experience
- Senior level project team fully committed to the County
- Strong quantitative/structuring capability
- Committed to achieving optimal solutions for each client
- Extensive market knowledge
- Unmatched understanding of credit
- Does not engage in any form of underwriting, trading or marketing in securities or swaps
- Registered Investment Adviser

Financial Advisory Services

- Manage complex transactions (Negotiated & Competitive)
- LOC/liquidity bank procurement
- Negotiate LOC/liquidity documents
- Credit ratings analysis
- Evaluate financial products
- Generate & analyze alternative bond structures
- Negotiate swap documents
- Negotiate bond pricing
- Debt management and analysis
- Analysis of financing and refinancing alternatives
- Call option analysis
- Life cycle cost
- Debt affordability studies
- Investor Relations
- Investment of Bond Proceeds

Swap Experience, Uncompromised Independence

- Extensive experience analyzing financing structures including swaps
- Specific expertise assisting issuers to develop, implement, manage swap programs and swap training
- In-house customized models to price swaps and options and provide ongoing monitoring
- Constant involvement in fixed income and swap markets allow us to provide real time advice
- Price, evaluate and monitor swaps
- Negotiate swap documents

PRAG Has Extensive Experience Serving as Financial Advisor to Counties

- We have completed 207 financings for counties, totaling approximately \$16 billion. Our county government issues have included the following:

- Alameda County
- Anne Arundel County
- Arlington County
- Baltimore County
- Broward County
- Chesterfield County
- Hillsborough County
- Howard County
- Los Angeles County
- Mecklenburg County
- Miami-Dade County
- Monmouth County
- Monroe County
- Montgomery County
- Morris County
- Multnomah County
- New Castle County
- Orange County
- Pinellas County
- San Bernardino County
- San Francisco County
- Santa Clara County
- Stanislaus County
- Westchester County

PRAG Has Extensive Experience Serving as Swap Advisor to Municipal Clients

- PRAG has advised on over \$28 billion of municipal swaps and derivatives for a large range of clients as shown below. Our experience most recently has focused on assessing swaps associated with VRDBs and ARS.

- Broward County
- Butler County School District
- Los Angeles County
- Mecklenburg County
- Monroe County
- Orange County Sanitation District
- State of California
- State of California Department of Water Resources
- California Infrastructure and Economic Development Bank
- Connecticut RRB Special Purpose Trust CL&P-1
- Empire State Development Corporation
- Foothill Eastern Transportation Corridor Agencies
- Hartsfield-Jackson International Airport
- City of Los Angeles Convention & Exhibition Center
- Maryland Stadium Authority
- Metropolitan Water District of Southern California
- The New School
- City of New York
- New York City Transitional Finance Authority
- New York State Division of Budget
- New York State Local Government Assistance Corporation
- New York State Thruway Authority
- State of North Carolina
- City of Phoenix
- Piedmont Municipal Power Agency
- Presbyterian Intercommunity Hospital (CA)
- City of Tampa
- University of the South
- West Virginia Parkways

PRAG Has Substantial Experience with Advising Issuers on Refunding/Converting Variable Rate Debt with Swaps

Selected Experience Issuer	Par Amount Refunded / Converted (\$000's)	Description
Battery Park City Authority	\$626,000	Plan to terminate \$391 million of swaps and refund all outstanding ARS with fixed rate bonds, Spring 2010.
City of Erie School District (PA)	\$37,620	Advised on swap termination and swaption strike reduction.
City of Los Angeles Wastewater System	\$444,600	Swap reintegrated with new issue. Refunding of insured ARS and VRDBs with VRDBs backed by LOCs.
City of New York	\$2,386,545	Conversion and refunding of insured VRDBs and insured ARS.
City of Phoenix	\$130,200	Refunding of insured VRDBs with fixed rate bonds; swap terminated.
Department of Water and Power of the City of Los Angeles	\$125,000	Swap partially reintegrated with other bonds. Conversion of insured 7-day ARS to insured 1-yr ARS with SIFMA note, fixed rate refunding and VRDBs.
Dormitory Authority of State of New York (NYS DOB)	\$478,000	Advised on fixed rate refunding of VRDBs and swap termination.
Empire State Development Corp.	\$875,000	\$455 million swap termination with fixed rate refunding bonds. Remaining \$420 million of ARS refunded with VRDBs.
Miami-Dade County	\$415,000	Advised on fixed rate refunding of ARS and swap termination.
New York State Local Government Assistance Corp.	\$758,000	Swap termination. Partial refunding of insured VRDBs and ARS with fixed rate bonds. Obtained new LOCs for unrefunded VRDBs.
NYS Thruway Authority (NYS DOB)	\$531,000	Advised on fixed rate refunding of ARS and swap termination.
Orange County Sanitation District	\$77,165	Swap termination and refunding of insured VRDBs.
Piedmont Municipal Power Agency	\$390,000	Refunding of insured VRDBs.
Presbyterian Intercommunity Hospital	\$286,000	Refunding of VRDBs with uninsured VRDBs and fixed rate bonds; swaps reassigned.
The Metropolitan Water District of Southern California	\$580,620	Swap partially reintegrated with other bonds. Refunding and conversion of ARS with fixed rate bonds and VRDBs.
West Basin Municipal Water District	\$128,665	Swap retained. Refunding of insured ARS with VRDBs.
West Virginia Parkway Authority	\$59,100	Advised on refunding of insured VRDBs with uninsured VRDBs; swap retained.
Total	\$8,328,515	

The County's Current Swap Portfolio

- The County currently has five swaps outstanding, in which the County pays a fixed rate and receives a percentage (ranging from 59.00% to 63.45%) of five-year LIBOR.
- Currently, two swaps are associated with a series of 2-year fixed rate bonds (fixed rate Series B-18-A) and three swaps are associated with VRDBs (VRDB Series E-3-B and E-5-A)

Series	Associated Swap		Termination Value
	Fixed Rate	Floating Rate	
\$20 million of Series E-3-B	4.310%	63.45% of five-year LIBOR	(\$3,014,563)
\$10 million of Series E-5-A	3.264%	59.00% of five-year LIBOR	(\$332,509)
\$14 million of Series E-5-A	3.533%	59.00% of five-year LIBOR	(\$884,871)
\$10 million of Series B-18-A (2-year Fixed Rate)	3.900%	63.20% of five-year LIBOR	(\$913,795)
\$39 million of Series B-18-A (2-year Fixed Rate)	4.270%	63.45% of five-year LIBOR	(\$4,174,970)

- Swap counterparty for all swap agreements is Ambac Financial Services, LLC. Ambac Assurance Corporation is rated Caa2/CC/NR.

PRAG's Plan for Analyzing the County's Outstanding Swaps

- PRAG recommends that the County consider three alternatives for each set of swaps:

Swaps Associated with VRDBs	
	Option 1: Issue fixed rate refunding bonds and terminate swaps.
	Option 2: Leave swaps outstanding.
X	Option 3: Assign swaps to stronger counterparties.

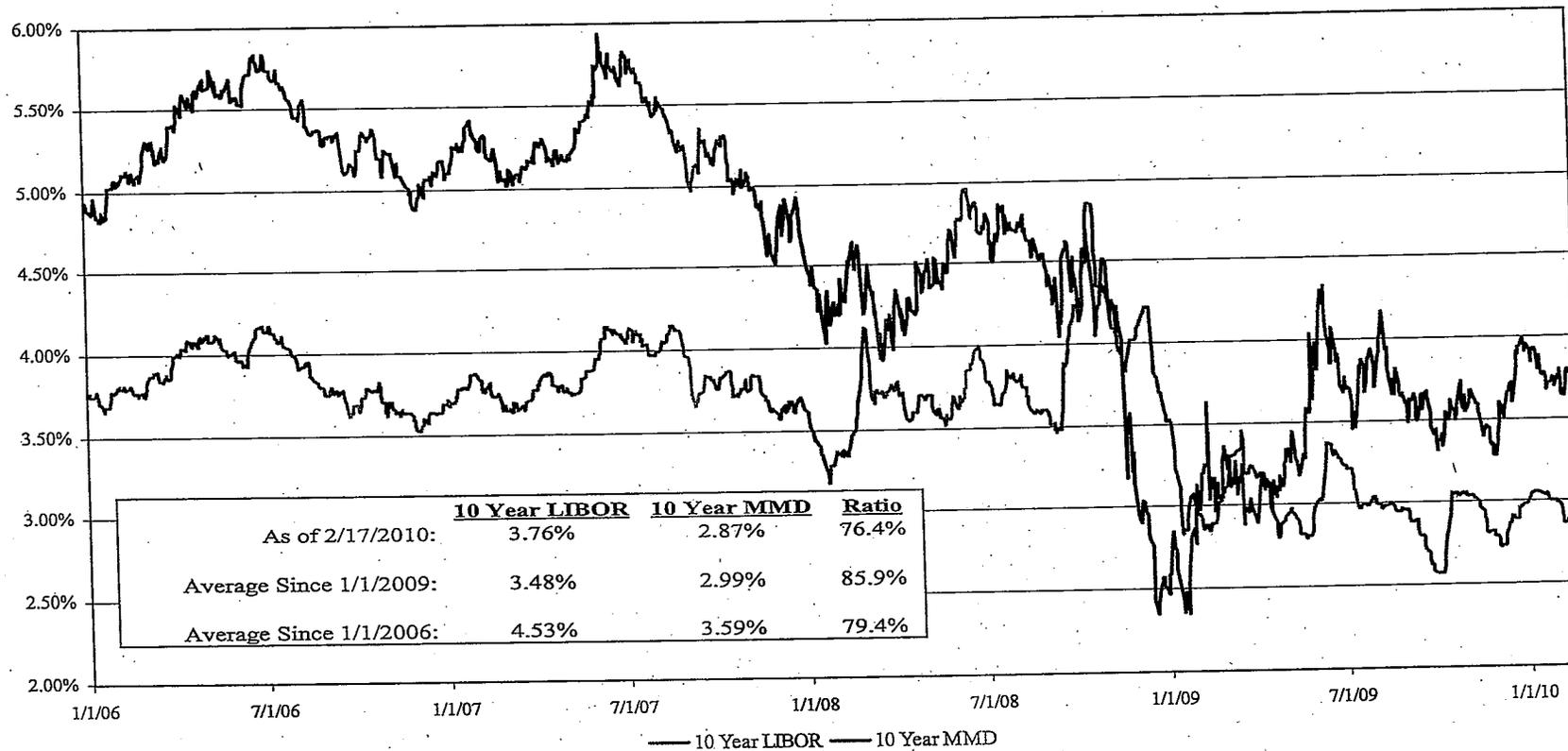
- Legal Considerations:
 - For swaps associated with fixed rate bonds, the County probably wants to wait until closer to June 1, 2011 when the existing bond matures.
 - Not clear if tax-exempt bond proceeds can be used to pay swap termination costs.

Our Approach to Evaluating Alternatives Involves Three Primary Factors

- Credit enhancement capacity and cost
 - Bank credit facilities have become more available than last year and fees have stabilized but at higher levels.
 - In addition, banks have continued to be less flexible in business and legal terms offered and in negotiations of these terms.
- Relationship between tax exempt fixed rate and LIBOR swap markets.
 - Tax exempt rates have decreased over the last 12 months as LIBOR swap rates have increased.
- Risk profile of the issuer.
 - Credit enhancement renewal risk
 - Basis risk
 - Counterparty risk
 - Interest rate risk

Tax-Exempt Fixed Rate and LIBOR Swap Markets Have Returned to a More Historical Relationship

- Graph of 10-Yr LIBOR and 10-Yr MMD



Assumptions for Extending Existing VRDB Structure

Refunded Series	E-5-A	E-5-A	E-3-B
Principal	14,000,000	10,000,000	20,000,000
% of 5Yr LIBOR	59.00%	59.00%	63.45%
Current Rates Assumed			
Fixed Swap Rate	3.533%	3.264%	4.310%
Variable Swap Receipt	-1.587%	-1.587%	-1.707%
VRDB Payment	0.230%	0.230%	0.230%
Remarketing	0.080%	0.080%	0.080%
LOC Fee	<u>1.000%</u>	<u>1.000%</u>	<u>1.000%</u>
All-in Cost	3.256%	2.987%	3.913%
9-Year Average Rates Assumed			
Fixed Swap Rate	3.533%	3.264%	4.310%
Variable Swap Receipt	-2.425%	-2.425%	-2.608%
VRDB Payment	1.960%	1.960%	1.960%
Remarketing	0.080%	0.080%	0.080%
LOC Fee	<u>1.000%</u>	<u>1.000%</u>	<u>1.000%</u>
All-in Cost	4.148%	3.879%	4.742%
Flat Yield Curve @ 4.00%			
Fixed Swap Rate	3.533%	3.264%	4.310%
Variable Swap Receipt	-2.360%	-2.360%	-2.538%
VRDB Payment	2.600%	2.600%	2.600%
Remarketing	0.080%	0.080%	0.080%
LOC Fee	<u>1.000%</u>	<u>1.000%</u>	<u>1.000%</u>
All-in Cost	4.853%	4.584%	5.452%

Swaps Associated with VRDBs

- The results of our analysis:

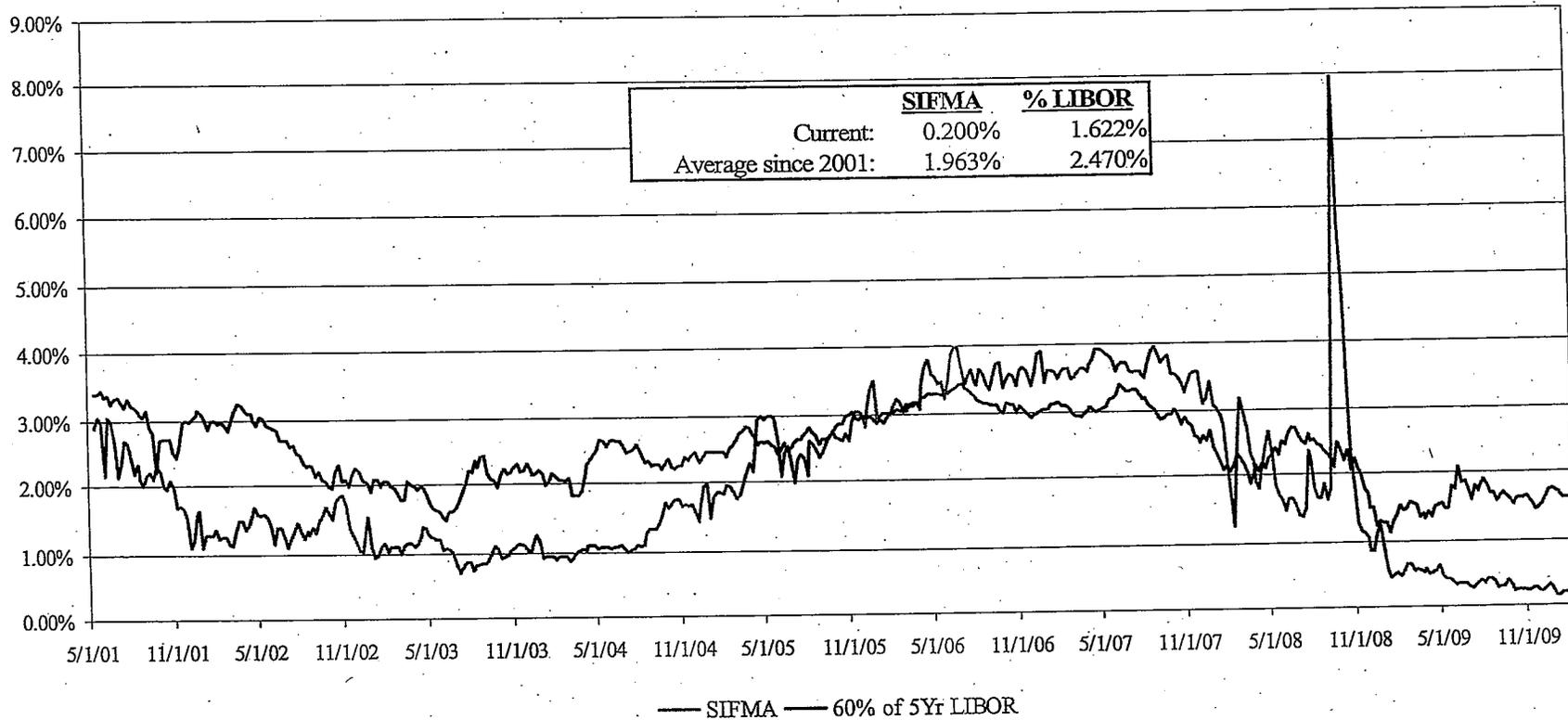
Series	Principal	All-in Cost			
		Retain VRDBs			Fixed Rate Refunding*
		Current Rates	9-Year Avg.	Flat Curve	
E-5-A	14,000,000	3.256%	4.148%	4.853%	4.780%
E-5-A	10,000,000	2.987%	3.879%	4.584%	4.847%
E-3-B	20,000,000	3.913%	4.742%	5.452%	5.693%

*Includes swap termination cost.

- Under certain interest rate environments, it will be cost-effective to keep the basic structure in place. This must be weighed against the counterparty risk of the existing swap agreements, the renewal risk of bank facilities and less flexible business and legal terms offered by the credit provider banks and the interest rate risk that fixed rate borrowing costs may increase in the future.

The County Is Currently Receiving More On Its Swaps Than It Is Paying On Its VRDBs

- Graph of 60% of 5-Yr LIBOR and the SIFMA Index



Assumptions for VRDB Refunding of Existing 2-Year Fixed Rate Bonds

Refunded Series	B-18-A	B-18-A
Principal	39,000,000	10,000,000
% of 5Yr LIBOR	63.45%	63.20%
Current Rates Assumed		
Fixed Swap Rate	4.270%	3.900%
Variable Swap Receipt	-1.707%	-1.700%
VRDB Payment	0.230%	0.230%
Remarketing	0.080%	0.080%
LOC Fee	<u>1.000%</u>	<u>1.000%</u>
All-in Cost	3.873%	3.510%
9-Year Average Rates Assumed		
Fixed Swap Rate	4.270%	3.900%
Variable Swap Receipt	-2.608%	-2.598%
VRDB Payment	1.960%	1.960%
Remarketing	0.080%	0.080%
LOC Fee	<u>1.000%</u>	<u>1.000%</u>
All-in Cost	4.702%	4.342%
Flat Yield Curve @ 4.00%		
Fixed Swap Rate	4.270%	3.900%
Variable Swap Receipt	-2.538%	-2.528%
VRDB Payment	2.600%	2.600%
Remarketing	0.080%	0.080%
LOC Fee	<u>1.000%</u>	<u>1.000%</u>
All-in Cost	5.412%	5.052%

Swaps Associated with 2-Year Fixed Rates Bonds Maturing June 1, 2011

- The results for the two short-term fixed rate series show that:

Series	Principal	All-in Cost			Fixed Rate Refunding
		VRDB Refunding			
		Current Rates	9-Year Avg.	Flat Curve	
B-18-A	39,000,000	3.873%	4.702%	5.412%	5.003%
B-18-A	10,000,000	3.510%	4.342%	5.052%	5.340%

- Based on current market rates and assumptions we would recommend the County consider fixing out a significant portion or all of the B-18-A two-year fixed rate bonds when they come due in June 2011. This conclusion is subject to market conditions at the time of pricing in addition to the assumptions used for a potential VRDB refunding.
- PRAG would update this analysis regularly as market conditions change and the final maturity of the B-18-A bonds approaches in June 2011.

Situations in Which PRAG Would Recommend a Negotiated Sale

- We take the approach that a debt issue should be sold at a competitive sale unless certain factors are present that would require a negotiated sale.
- The factors that would cause us to recommend a negotiated sale are below:
 - The debt issue is very large and there may be problems of market saturation.
 - The credit for the debt issue is extremely complex and a “story” is required in order to explain the credit structure of the debt issue (a “story bond”).
 - The debt issue is rated in the lowest investment grade rating category (Baa/BBB) or is unrated.
 - The capital markets are volatile with wide shifts in interest rates and investor demand.
 - The use of floating rate products or certain derivatives (such as swaps, tender option bonds and similar products) would provide substantial interest rate savings to the issuer.
 - Retail is an important factor in the market and there is more demand from retail investors than institutional investors.
- Based on current market conditions, we agree with the County that the bonds should be sold as a competitive issue.

PRAG's Experience Working With Swap Advisors

- As a financial advisor, PRAG has worked with the following swap advisors:

Swap Advisor	Client
IMAGE	The City of New York
Swap Financial	The City of New York
Swap Financial	NY Institute of Tech.
Swap Financial	The State of California

- Hiring PRAG, however, as both swap advisor and independent financial advisor would have distinct advantages:
 - We combine the long-term and comprehensive perspective of an independent financial advisor with the technical experience and market presence of a specialty swap advisor.
 - We view swaps in the context of the County's broader debt management needs, taking account of the effects of swaps on the County's credit ratings and the structure of bonds issued to terminate swaps, if any.

Estimated Financing Schedule

April 2010						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 2010						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June 2010						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Timing	Task	Responsibility
Week of April 5th	<ul style="list-style-type: none"> Initial Working Group Conference Call/Meeting Discussion of Swap Legal Issues 	All Bond Counsel
Week of April 12th	<ul style="list-style-type: none"> Distribute First Draft of POS & NOS, Supplemental Indenture and Other Bond Documents 	Bond Counsel
Week of April 19th	<ul style="list-style-type: none"> Conference Call to Review Documents 	All
Week of April 26th	<ul style="list-style-type: none"> Distribute Second Draft of POS & NOS, Supplemental Indenture and Other Bond Documents 	Bond Counsel
Week of May 3rd	<ul style="list-style-type: none"> Conference Call to Review Documents 	All
Week of May 10 th	<ul style="list-style-type: none"> Notify Swap Counterparty of Intention to Terminate Swaps 	FA, Bond Counsel, County
Week of May 17 th	<ul style="list-style-type: none"> Send Draft Documents to Rating Agencies Distribute Draft of Verification Agent RFP 	County, FA FA

Estimated Financing Schedule

April 2010						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 2010						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June 2010						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Timing	Task	Responsibility
Week of May 24 th	<ul style="list-style-type: none"> ▪ Distribute Final Draft of POS & NOS, Supplemental Indenture and Other Bond Documents ▪ Distribute Draft of Summary NOS ▪ Distribute Final Preliminary Sizing ▪ Send Out Verification Agent RFP 	Bond Counsel FA FA FA
Week of May 31 st	<ul style="list-style-type: none"> ▪ Final Comments Due on POS & NOS, Supplemental Indenture, Other Bond Documents and Summary NOS ▪ Summary NOS to Bond Buyer for Publication ▪ Verification Agent RFP Due/Select Verification Agent 	All FA FA, County
Week of June 7 th	<ul style="list-style-type: none"> ▪ POS & NOS posted electronically ▪ Summary NOS in Bond Buyer ▪ Receive Ratings ▪ Begin Swap Model Calibration Process ▪ Pre-Verify Numbers 	Bond Counsel, FA All County FA, Counterparty FA, Verification Agent

Estimated Financing Schedule

April 2010						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 2010						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June 2010						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Timing	Task	Responsibility
Week of June 14 th	<ul style="list-style-type: none"> ▪ Competitive Sale ▪ Terminate Swap (Day of Bond Sale) ▪ Distribute Final Numbers ▪ Verify Final Numbers ▪ Apply for SLGS ▪ Distribute Draft of Final OS ▪ Final Comments Due on Final OS 	All FA, County, Bond Counsel FA FA, Verification Agent FA Bond Counsel All
Week of June 21 st	<ul style="list-style-type: none"> ▪ Distribute Draft of Closing Memorandum ▪ Distribute Draft of Closing Documents ▪ Final OS to Printer ▪ Comments on Closing Documents, Closing Memorandum ▪ Distribute Final Draft Closing Documents ▪ Distribute Final Closing Memorandum 	FA Bond Counsel Bond Counsel, FA All Bond Counsel FA
Week of June 28 th	<ul style="list-style-type: none"> ▪ Closing ▪ Send Call Notices 	All Trustee
Week of August 11 th	<ul style="list-style-type: none"> ▪ Bonds are Redeemed 	Trustee

Fee Schedule

- PRAG proposes to bill the County on an hourly basis during any one-month period based upon the schedule below.

HOURLY RATES	
Personnel	Rate Per Hour
Chairman/President/Director	\$350
Executive Vice President/ Senior Managing Director/ Senior Counselor	300
Managing Director	275
Vice President	250
Asst. Vice President	200
Other	150

- We estimate that our fee would be \$75,000 to \$100,000 to evaluate different financing alternatives and develop and implement a plan of finance including a bond financing, credit enhancement procurement and swap termination.
- We would be pleased to discuss alternative fee arrangements.

References

State of New York Division of Budget

Mr. Pat Reale
Principal Budget Examiner
State Capitol Building, Room 255
Albany, NY 12224
Tel: 518-474-2937
Email: pat.reale@budget.state.ny.us

City of Phoenix

Ms. Barbara Lang
Deputy Finance Director/City Treasurer
Calvin C. Goode Municipal Building
251 West Washington Street, 9th Floor
Phoenix, AZ 85003
Tel: 602-262-7166
Email: barbara.lang@phoenix.gov

West Virginia Parkways Authority

Mr. Greg Barr
General Manager
3310 Piedmont Road
P.O. Box 1469
Charleston, WV 25325
Tel: 304-926-1900
Email: gbarr@wvturnpike.com

How PRAG Avoids Conflicts of Interest

- We do not believe that our representation of the County as a Financial Advisor and/or Swap Advisor will result in any conflicts of interest.
- We have addressed potential conflicts in other situations by (i) disclosing to all parties whom we represent, (ii) holding discussions, analyses and e-mails with a particular client in confidence unless we receive permission to send to the other parties, and (iii) providing objective and consistent analyses, but not making or recommending policy decisions.
- If during the engagement we become aware of a situation that could create a conflict, we will apprise Blount County of the potential conflict so that we can discuss appropriate steps to address the situation.

Subject of Investigation

- The Antitrust Division of the U.S. Department of Justice has been conducting a wide-spread investigation of swaps and investment contracts since 2006. In May 2008, PRAG was required to produce documents relating to certain swaps and investment contracts. As of August 14, 2008 PRAG had provided the documents and has received no further requests or follow up from the U.S. Department of Justice. In addition, approximately 20 state attorneys general have been investigating alleged improprieties in connection with swaps and investment contracts for some time. In September of 2009, PRAG produced documents for the State of New York relating to certain swaps.
- It is our understanding that these investigations are still pending as they pertain to certain companies and individuals who are the targets thereof.

Appendix 1: List of Bank Credit Providers

Banco Bilbao Vizcaya Argentaria S.A. Aa2/AA/AA- P-1/A-1+/F1+	Bank of America, N.A. Aa3/A+/A+ P-1/A-1/F1+	Bank of Montreal Aa2/A+/AA- P-1/A-1/F1+
The Bank of New York Mellon Aaa/AA/AA- P-1/A-1+/F1+	Bank of Nova Scotia Aa1/AA-/AA- P-1/A-1+/F1+	Barclays Bank PLC Aa3/AA-/AA- P-1/A-1+/F1+
BB&T (Branch Banking & Trust Co.) Aa2/A+/AA- P-1/A-1/F1	BNP Paribas Aa2/AA/AA P-1/A-1+/F1+	Calyon Aa3/AA-/AA- P-1/A-1+/F1+
Citibank A1/A+/A+ P-1/A-1/F1+	Helaba Aa2/A/A+ P-1/A-1/F1+	JP Morgan Chase Bank Aa1/AA-/AA- P-1/A-1+/F1+
KBC Bank N.V. Aa3/A/A P-1/A-1/F-1	Lloyds TSB Bank Plc (Liquidity Only) Aa2/A+/AA- P-1/A-1/F1+	Royal Bank of Scotland Plc Aaa/AAA/AA+ P-1/A-1+/F1+

Appendix 1: List of Bank Credit Providers

Royal Bank of Canada Aaa/AA-/AA P-1/A-1+/F1+	Societe Generale Aa2/A+/A+ P-1/A-1/F1+	State Street Bank & Trust Co. Aa2/AA-/A+ P-1/A-1+/F1+
Sumitomo Mitsui Banking Corporation (SMBC) Aa2/A+/A P-1/A-1/F1	TD Bank NA Aa2/AA-/AA- P-1/A-1+/F1+	U.S. Bank NA Aa1/AA-/AA- P-1/A-1+/F1+
Wachovia Bank, NA Aa2/AA/AA- P-1/A-1+/F1+		



**BLOUNT COUNTY
TENNESSEE**

Response to Request for
Qualifications

February 18, 2010

Stephens Inc.
Investment Bankers

BLOUNT COUNTY, TENNESSEE

Response to Request for Qualifications

Table of Contents

<u>Tab</u>	<u>Description</u>
------------	--------------------

1. Presentation

2. A. Outstanding Obligations as of June 30, 2009
B. Swap Analysis

Appendix:

General Information on Stephens Inc.

Information for Blount County,
Tennessee



February 18, 2010

Stephens Inc.
Investment Bankers

Stephens Inc. – Employee Experience and Credentials

- **Sam Crewse**

- **Senior Vice President**

- Joined the Public Finance Department of Stephens in July of 2000 to open the Nashville, Tennessee Public Finance office.
 - Has broad experience as both a financial advisor and underwriter to cities, counties, utility systems, school districts, airports and universities.
 - He has been involved in over \$4 billion in new tax-exempt bond issues.
 - He is a graduate of Vanderbilt University where he was awarded high honors in the field of economics.
 - Holds a Masters of Public Administration degree from Harvard University.
 - He has a Series 53 Municipal Securities Principal License and a Series 63 Uniform State Law Securities Agent License.

- **Larry Brown**

- **Senior Vice President**

- Has been engaged since 1986 in helping his clients fund major capital projects by originating new debt securities issues for sale in the public capital markets.
 - Has served numerous city and county governments, utility systems, private schools, colleges, universities and other not-for-profit organizations.
 - Earlier in his career, he undertook various assignments including Manager of Municipal Trading and Underwriting, Manager of U.S. Government and Agency Trading, Manager of the Funds Management Desk, Sales Manager and Manager of Tennessee Public Finance.
 - He currently holds the following professional licenses: Series 53, Series 63, Series 73, Series 7 and Series 24.
 - He is a cum laude graduate of Vanderbilt University with a degree in economics.

- **Tom McAnulty**

- **Senior Vice President**

- Served as Finance Director for Clarksville-Montgomery County Schools for 7 years
 - Served as financial consultant to local governments for 19 years with the University of Tennessee County Technical Assist. Service
 - Joined J.C. Bradford in 1993, serving as Investment Limited Partner
 - Clients include Counties, Cities, Utility Systems, School Districts, Health Care and Airports
 - He has a Series 53 Municipal Securities Principal License and a Series 63 Uniform State Law Securities Agent License.
 - Graduate of the University of Tennessee and received his Master's Degree from Austin Peay State University

- **Ashley McAnulty**

- **Banker**

- Has more than 15 years of experience in commercial and investment banking and business development.
 - Completed the Bank Management Training Program and served as Senior Analyst coordinating the evaluation and credit approval process of entities for Bank of America in Tennessee
 - Clients include Counties, Cities, and Utility Systems
 - He graduated from Belmont University as a Massey Scholar, with a Bachelor of Business Administration degree and recently completed his Master of Accountancy degree from the Jack C. Massey Graduate School of Business.
 - He holds a Series 66 Uniform State Law Combined Registered Investment Advisor, and a Series 7 General Securities Representative License

Stephens Inc. – Company Overview

- Established in 1933
- 25 Offices in 14 states, the District of Columbia, & London
- Over 770 Employees
- Emphasis on long-term client relationships
- Seek opportunities to add value by providing experience and quality service
- Since 1990, Stephens has served as financial advisor on over 700 municipal issues and managed over 2,000 municipal transactions.
- Major provider of financial advisory and underwriting services in Tennessee and the Southeast

Stephens Inc. – Regulatory Status

- **As required, Stephens Inc. is considered a broker-dealer and its employees maintain Financial Industry Regulatory Authority, Inc. (FINRA) licenses required to conduct business in their respective state.**
- **Stephens Inc.'s Nashville, Tennessee office Public Finance employees have at least two of the following:**
 - Series 63 Uniform State Law Securities Agent License.
 - Series 52 Municipal Securities Representative License
 - Series 66 Uniform State Law Combined Registered Investment Advisor
 - Series 7 General Securities Representative License
- **Stephens Inc. is a member of the following exchanges and associations:**

New York Stock Exchange, Inc.	Investment Company Institute
Chicago Stock Exchange	Financial Industry Regulatory Authority, Inc.
Boston Stock Exchange	Chicago Board Options Exchange
Options Clearing Corporation	Depository Trust Company
Securities Industry/Financial Markets Association	International Association of Financial Planners
Mortgage Bankers Association	Securities Investor Protection Corporation
National Futures Association	American Bankers Association
Municipal Securities Rulemaking Board	

Stephens Inc. – Services

- Financial Advisory and Underwriting Services
 - For Counties, Cities, School Districts, Utility Systems, Health Care Providers, Airports and Higher Education Institutions
- Assist in Developing Debt Guidelines
 - Limit Exposure to Interest Rate Risks – Derivatives, Swaps, Adjustable Rates, and Fixed Rates
 - Acceptable Fund Balance Levels
 - Debt Service Financial Plan including current obligations, proposed obligations, revenue and tax funding projections, and the impact on Fund Balance.
- Long-Range Capital Planning
 - Capital Budgeting
 - Debt Capacity Analysis
 - Debt Service Revenue Modeling

Financial Advisor Rankings

State of Tennessee			
County Bond Issues			
Financial Advisor Ranking			
January 2000 thru January 2010			
Rank	Financial Advisor	Number of Issues	Par Amount (US\$ millions)
1	Stephens Inc.	104	\$ 2,078.10
2	Morgan Keegan & Co Inc	60	\$ 476.70
3	Public Financial Management Inc	19	\$ 1,288.10
4	Sentinel Trust Company	17	\$ 62.70
5	Guardian Advisors LLC	14	\$ 91.60
6	ComCap Advisors	13	\$ 951.40
7	FTN Financial Capital Markets	15	\$ 21.70
	All Others	11	\$ 432.60
	*Source: Thomson Financial/SDC		

Possible Conflicts of Interest

- Financial Advisor
- Underwriter
- Remarketing Agent
- Swap Advisor
- Swap Counterparty
- Trustee
- Program Administrator
- Bond Counsel
- Issuer's Counsel
- Borrower
- Borrower's Counsel
- Credit Enhancement Provider
- Liquidity Provider
- Derivative Data Provider
- Conduit Issuer
- Paying Agent/Registration Agent
- Escrow Agent
- Consultants

NO CONSULTANT FORM

The undersigned, being the senior banker with responsibility for Stephens Inc.'s involvement as (financial advisor/underwriter) for _____ ("Issuer") in connection with the issuance of the _____ Bonds (the "Bonds") hereby certifies as follows:

1. No consultant or other person not an employee of Stephens Inc. was authorized or engaged to obtain or retain or to assist in obtaining or retaining business for Stephens Inc. from or with the Issuer, except as set forth below.
2. To the best of my knowledge, no other investment bank utilized any consultant or non-employee to assist it in obtaining or retaining business from or with the Issuer as a co-manager or co-advisor with Stephens Inc., except as set forth below.
3. Stephens Inc. will not earn any fees or commissions from any person in connection with or arising out of the issuance of the Bonds or the investment of all or a portion of the proceeds of the Bonds, other than the discount, commissions or fees explicitly disclosed in the Preliminary and Final Official Statements for the Bonds, except as set forth below.
4. To the best of my knowledge, there is no conflict of interest involved in connection with Stephens Inc.'s role in the issuance of the Bonds, except as set forth below.
5. The following describes all of the exceptions to items 1 through 4 above (if none, state "None"), each of which (if any) has been disclosed in writing to the Issuer:

NONE

Primary Tasks

- **GOAL: Establish a predictable, overall debt service plan that reduces risk and fits within the County's available funds for debt service**
- Assemble the Financial Advisory and Swap Advisory Team
- Review existing financial arrangements to identify opportunities to reduce cost and risk
- Establish a plan to deal with large balloon payments
- Determine impact of GASB Statement No. 53
- Keep total debt service requirements (Interest plus Principal plus Add-On Fees) within targeted budget debt service limits
- Risk management: Identify risks, determine if risks are suitable for the County, make changes to the risk profile if appropriate
- Consider any contingency risk associated with agencies of the County, related entities, and joint ventures
- Evaluate the impact of the swap novation agreements and the impact on possible termination of any swaps
- Re-balance the County's existing debt, if necessary, to reduce exposure to the risk of rising interest rates
- Incorporate capital needs for future projects into an overall debt service financing plan
- Execute refinancing transactions as needed

Sample References

<p><u>Claiborne County</u> Mike Tuten Director of Finance 1740 Main Street Tazewell, TN 37879 Phone: (423) 626-6006</p>	<p><u>Dyer County</u> Judy Patton Trustee and Finances P.O. Box 1360 Dyersburg, TN 38024 Phone: (731) 288-7891</p>	<p><u>Madison County</u> Mike Nichols Director of Accounts and Budgets 100 East Main Street Jackson, TN 38301 Phone: (731) 660-6221 Ext. 9</p>
<p><u>Montgomery County</u> Erinne Hester Director of Finance P.O. Box 368 Clarksville, TN 37041 Phone: (931) 648-5787</p>	<p><u>City of Memphis</u> John McCullough Chief Financial Officer Memphis Light Gas and Water Division 220 S. Main Street Memphis, TN 38103 Phone:(901) 528-4949</p>	<p><u>City of Mt. Juliet</u> John Rosσμαier Finance Director P.O. Box 256 Mt. Juliet, TN 37121 Phone:(615) 754-2552 Ext. 255</p>
<p><u>Rutherford County</u> Lisa Nolen Finance Director Rutherford County Courthouse Murfreesboro, TN 37130 Phone: (615) 898-7745</p>	<p><u>Sullivan County</u> Larry Bailey Finance Director 3411 Highway 126 Blountville, TN 37617 Phone: (423) 323-6409</p>	<p><u>Williamson County</u> David Coleman Director of Accounts & Budgets 1320 West Main, Suite 130 Franklin, TN 37064 Phone: (615) 790-5703</p>

Considerations in the Selection of a Swap Advisor

- Should be able to provide supporting analysis and documentation in the swap monitoring and/or termination process
- Should work directly for the County and the advisor's only compensation is from the County
 - Advisor should not have conflicting priorities
- Compensation arrangements are understood and agreeable on the front end
- What method do they use in determining the termination cost?
- Will their advice be real-time?
- Has the swap advisor been involved in litigation or been investigated relative to other swap arrangements?

GASB Statement No. 53

- Requires the fair value of derivatives be reported in the financial statements of state and local governments.
- The fair value of a derivative as of the end of the fiscal year beginning June 30, 2010, will be reported in the full accrual-based balance sheets.
- If a derivative *effectively hedges an identified risk* of increasing or decreasing cash flows or fair values, then the periodic changes in the fair value of the derivative can be *deferred* until the derivative ceases to be effective or the hedged transaction terminates.
- If the derivative fails to effectively hedge the identified risk, then the change in fair value is *reported immediately as investment income or loss on the government-wide statement of activities*.

Financing Timetable

Blount County, Tennessee

- Determine Financing Team – FA, Swap Advisor, Counsel
- Submit Refunding Plan to the State
- Filing Deadline for Resolutions
- Approve Bond Resolutions
- Submit Information to Rating Agencies
- Release Preliminary Official Statement
- Publish Notice of Sale
- Receive Bond Ratings
- Bond Sale
- Release Final Official Statement
- Pre-Closing
- Bond Closing
- Transfer Funds to Trustee

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

PBA Loan Agreements

		1				2			3		
Issue Name:		2000 Series for Library				2006 Series B-10-A Industrial Park			2008 Series B-16-A		
Orig. Amt.		\$4,100,000				\$2,000,000			\$33,550,000		
Dated:		December 6, 2000				March 16, 2000			April 24, 2008		
Type		Variable				Fixed TAXABLE			Fixed		
Program Rate		5.7500%				Various --- 5.55% - 6.20%			Various - 3.00% - 5.00%		
Bond Insurance		LOC SunTrust Bank 4/30/10				XLCA			AGM		
SWAP		NO				NO			NO		
Callable:		Callable any int. payment date				6/1/2016 for 2017 & after at Par			6/1/2018 for 2024 & after at Par		
Prin. Pay Date		December 1				June 1			June 1		
Int. Pay Date		M1, J1, S1, D1				December 1 and June 1			December 1 and June 1		
YR. NO.	FY	Prin.	Int. Rates	Int.	Cost Rate	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.
	2010	300,000	5.750%	123,625	8,625	105,000	5.650%	106,475	1,465,000	3.000%	1,342,062
1	2011	300,000	5.750%	106,375	7,500	115,000	5.600%	100,543	1,495,000	3.250%	1,298,112
2	2012	300,000	5.750%	89,125	6,375	120,000	5.600%	94,103	1,660,000	3.250%	1,249,525
3	2013	300,000	5.750%	71,875	5,250	130,000	5.700%	87,383	1,640,000	3.500%	1,195,575
4	2014	300,000	5.750%	54,625	4,125	135,000	5.700%	79,973	1,985,000	3.250%	1,138,175
5	2015	400,000	5.750%	34,500	3,000	145,000	5.750%	72,278	1,950,000	3.635%	1,073,662
6	2016	400,000	5.750%	11,500	1,500	150,000	5.800%	63,940	2,095,000	3.500%	1,002,788
7	2017			-	-	160,000	5.850%	55,240	1,100,000	4.000%	929,463
8	2018			-	-	170,000	6.200%	45,880			885,463
9	2019			-	-	180,000	6.200%	35,340			885,463
10	2020			-	-	190,000	6.200%	24,180			885,463
11	2021			-	-	200,000	6.200%	12,400			885,463
12	2022			-	-			-			885,463
13	2023			-	-			-			885,463
14	2024			-	-			-	3,290,000	4.375%	885,463
15	2025			-	-			-	3,600,000	5.000%	741,525
16	2026			-	-			-	3,920,000	5.000%	561,525
17	2027			-	-			-	4,745,000	4.500%	365,525
18	2028			-	-			-	200,000	4.750%	152,000
19	2029			-	-			-			142,500
20	2030			-	-			-			142,500
21	2031			-	-			-			142,500
22	2032			-	-			-	500,000	4.750%	142,500

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

PBA Loan Agreements

		1			2			3		
Issue Name:		2000 Series for Library			2006 Series B-10-A Industrial Park			2008 Series B-16-A		
Orig. Amt.		\$4,100,000			\$2,000,000			\$33,550,000		
Dated:		December 6, 2000			March 16, 2000			April 24, 2008		
Type		Variable			Fixed TAXABLE			Fixed		
Program Rate		5.7500%			Various --- 5.55% - 6.20%			Various - 3.00% - 5.00%		
Bond Insurance		LOC SunTrust Bank 4/30/10			XLCA			AGM		
SWAP		NO			NO			NO		
Callable:		Callable any int. payment date			6/1/2016 for 2017 & after at Par			6/1/2018 for 2024 & after at Par		
Prin. Pay Date		December 1			June 1			June 1		
Int. Pay Date		M1, J1, S1, D1			December 1 and June 1			December 1 and June 1		
YR. NO.	FY	Prin.	Int. Rates	Int. Cost Rate	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.
23	2033	-	-	-	-	-	-	500,000	4.750%	118,750
24	2034	-	-	-	-	-	-	500,000	4.750%	95,000
25	2035	-	-	-	-	-	-	500,000	4.750%	71,250
26	2036	-	-	-	-	-	-	500,000	4.750%	47,500
27	2037	-	-	-	-	-	-	500,000	4.750%	23,750
		2,300,000	491,625	36,375	1,800,000	777,733		32,145,000		18,174,425

Source of Information: Blount County Annual Financial Report as of June 30, 2009, Bloomberg Municipal Data Base, and Blount County Wel

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

PBA Loan Agreements

		4			5			6				
Issue Name:		2008 Series E-1-A			2008 Series B-17-A Park Industrial			2008 Series E-3-B				
Orig. Amt.		\$50,500,000			\$3,000,000			\$10,000,000				
Dated:		June 20, 2008			June 10, 2008			July 30, 2008				
Type		Variable			Fixed TAXABLE			Variable				
Program Rate		0.9000%			Various - 3.00% - 4.50%			0.3100%				
Bond Insurance		BB & T			AGM			KBC BANK				
SWAP		NO			NO			SWAP with Series A-1-A				
Callable:		Callable any int. payment date			6/1/2018 for 2019 & after at Par			Callable any int. payment date				
Prin. Pay Date		June 1			June 1			June 1				
Int. Pay Date		M1, J1, S1, D1			December 1 and June 1			M1, J1, S1, D1				
YR. NO.	FY	Prin.	Int. Rates	Int. Cost Rate	Prin.	Int. Rates	Int. Cost Rate	Prin.	Int. Rates	Int. Cost Rate		
	2010	-		454,500	252,500	85,000	3.250%	125,525	-	62,512	151,238	
1	2011	-		454,500	252,500	90,000	3.250%	122,763	-	62,512	151,238	
2	2012			454,500	252,500	95,000	3.500%	119,838	-	62,512	151,238	
3	2013			454,500	252,500	95,000	3.500%	116,513	-	62,512	151,238	
4	2014			454,500	252,500	100,000	3.500%	113,188	-	62,512	151,238	
5	2015			454,500	252,500	105,000	3.750%	109,688	-	62,512	151,238	
6	2016			454,500	252,500	115,000	4.000%	105,750	-	62,512	151,238	
7	2017			454,500	252,500	120,000	4.000%	101,150	-	62,512	151,238	
8	2018			454,500	252,500	125,000	4.000%	96,350	-	62,512	151,238	
9	2019			454,500	252,500	130,000	4.250%	91,350	-	62,512	151,238	
10	2020			454,500	252,500	135,000	4.250%	85,825	-	62,512	151,238	
11	2021			454,500	252,500	145,000	4.250%	80,088		62,512	151,238	
12	2022			454,500	252,500	150,000	4.250%	73,925		62,512	151,238	
13	2023			454,500	252,500	160,000	4.250%	67,550		62,512	151,238	
14	2024	1,000,000	0.900%	454,500	252,500	165,000	4.500%	60,750		62,512	151,238	
15	2025	1,000,000	0.900%	445,500	247,500	175,000	4.500%	53,325		62,512	151,238	
16	2026	1,000,000	0.900%	436,500	242,500	185,000	4.500%	45,450		62,512	151,238	
17	2027	1,000,000	0.900%	427,500	237,500	190,000	4.500%	37,125		62,512	151,238	
18	2028	1,000,000	0.900%	418,500	232,500	200,000	4.500%	28,575		62,512	151,238	
19	2029			409,500	227,500	210,000	4.500%	19,575		62,512	151,238	
20	2030			409,500	227,500	225,000	4.500%	10,125	7,500,000	0.310%	62,512	151,238
21	2031	-		409,500	227,500	-	-	-	12,665,000	0.310%	39,262	94,988
22	2032	6,600,000	0.900%	409,500	227,500	-	-	-	-	-	-	-

Projected Total Debt Service Requirements (Excluding Trustee's Commission and Paying Agent Fees)

PBA Loan Agreements

		4				5			6			
Issue Name:		2008 Series E-1-A				2008 Series B-17-A Park Industrial			2008 Series E-3-B			
Orig. Amt.		\$50,500,000				\$3,000,000			\$10,000,000			
Dated:		June 20, 2008				June 10, 2008			July 30, 2008			
Type		Variable				Fixed TAXABLE			Variable			
Program Rate		0.9000%				Various - 3.00% - 4.50%			0.3100%			
Bond Insurance		BB & T				AGM			KBC BANK			
SWAP		NO				NO			SWAP with Series A-1-A			
Callable:		Callable any int. payment date				6/1/2018 for 2019 & after at Par			Callable any int. payment date			
Prin. Pay Date		June 1				June 1			June 1			
Int. Pay Date		M1, J1, S1, D1				December 1 and June 1			M1, J1, S1, D1			
YR. NO.	FY	Prin.	Int. Rates	Int.	Recurring Cost Rate 0.900%	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.	Recurring Cost Rate 0.750%
23	2033	7,050,000	0.900%	350,100	194,500			-			-	-
24	2034	7,400,000	0.900%	286,650	159,250			-			-	-
25	2035	7,750,000	0.900%	220,050	122,250			-			-	-
26	2036	8,150,000	0.900%	150,300	83,500			-			-	-
27	2037	8,550,000	0.900%	76,950	42,750			-			-	-
		50,500,000		11,267,550	6,259,750	3,000,000		1,664,425	20,165,000		1,352,003	3,270,975

absite

Projected Total Debt Service Requirements (Excluding Trustee's Commission and Paying Agent Fees)

		7				8			9			
Issue Name:		2008 Series E-5-A				2009 Series B-18-A Part One			2009 Series B-18-A Two			Part
Orig. Amt.		\$31,175,000				\$46,545,000			\$4,380,000			
Dated:		August 6, 2008				February 24, 2009			February 24, 2009			
Type		Variable				Fixed Rate			Fixed Rate			
Program Rate		0.2300%				5.0000%			Various			
Bond Insurance		BB & T				NO			NO			
SWAP		2 SWAPs with B-4-A & D-1-B				2 SWAPs with A-5-A & IV-C-1			NO			
Callable:		Callable any int. payment date				NON CALLABLE			NON CALLABLE			
Prin. Pay Date		June 1				June 1			June 1			
Int. Pay Date		M1, J1, S1, D1				December 1 and June 1			December 1 and June 1			
YR. NO.	FY	Prin.	Int. Rates	Int.	Total Payment	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.	
	2010	360,000	0.230%	70,909	197,312	-		2,327,250	50,000	2.500%	157,375	
1	2011	360,000	0.230%	70,081	195,008	46,545,000	5.000%	2,327,250	80,000	5.000%	156,125	
2	2012	385,000	0.230%	69,253	192,704	-		-	200,000	2.500%	152,125	
3	2013	385,000	0.230%	68,368	190,240	-		-	300,000	2.750%	147,125	
4	2014	110,000	0.230%	67,482	187,776	-		-	350,000	3.250%	138,875	
5	2015	110,000	0.230%	67,229	187,072	-		-	500,000	3.000%	127,500	
6	2016	110,000	0.230%	66,976	186,368	-		-	500,000	3.750%	112,500	
7	2017	110,000	0.230%	66,723	185,664	-		-	600,000	3.625%	93,750	
8	2018	135,000	0.230%	66,470	184,960	-		-	900,000	4.000%	72,000	
9	2019	-		66,160	184,096	-		-	900,000	4.000%	36,000	
10	2020	-		66,160	184,096	-		-	-		-	
11	2021			66,160	184,096	-		-	-		-	
12	2022	5,000	0.230%	66,160	184,096	-		-	-		-	
13	2023	10,000	0.230%	66,148	184,064	-		-	-		-	
14	2024	4,015,000	0.230%	66,125	184,000	-		-	-		-	
15	2025	4,015,000	0.230%	56,891	158,304	-		-	-		-	
16	2026	4,015,000	0.230%	47,656	132,608	-		-	-		-	
17	2027	3,515,000	0.230%	38,422	106,912	-		-	-		-	
18	2028	8,515,000	0.230%	30,337	84,416	-		-	-		-	
19	2029	3,740,000	0.230%	10,753	29,920	-		-	-		-	
20	2030	935,000	0.230%	2,151	5,984	-		-	-		-	
21	2031	-		-	-	-		-	-		-	
22	2032	-		-	-	-		-	-		-	

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

		7				8			9			
Issue Name:		2008 Series E-5-A				2009 Series B-18-A Part One			2009 Series B-18-A Two			Part
Orig. Amt.		\$31,175,000				\$46,545,000			\$4,380,000			
Dated:		August 6, 2008				February 24, 2009			February 24, 2009			
Type		Variable				Fixed Rate			Fixed Rate			
Program Rate		0.2300%				5.0000%			Various			
Bond Insurance		BB & T				NO			NO			
SWAP		2 SWAPs with B-4-A & D-1-B				2 SWAPs with A-5-A & IV-C-1			NO			
Callable:		Callable any int. payment date				NON CALLABLE			NON CALLABLE			
Prin. Pay Date		June 1				June 1			June 1			
Int. Pay Date		M1, J1, S1, D1				December 1 and June 1			December 1 and June 1			
YR. NO.	FY	Prin.	Int. Rates	Int.	Recurring Cost Rate 0.640%	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.	
23	2033			-	-			-			-	
24	2034			-	-			-			-	
25	2035			-	-			-			-	
26	2036			-	-			-			-	
27	2037			-	-			-			-	
		30,830,000		1,196,610	3,329,696	46,545,000		4,654,500	4,380,000		1,193,375	

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

		Bonds Outstanding											
		10			11			12			13		
		Total PBA Loan Agreements			GO Refunding Bonds Series 2004A			GO Refunding Bonds Series 2004B			GO Refunding Bonds Series 2005		
Issue Name:													
Orig. Amt.					\$7,405,000			\$5,060,000			\$14,860,000		
Dated:					September 1, 2004			October 1, 2004			January 27, 2005		
Type					GO Bonds - Fixed Rate			GO Bonds			GO Bonds		
Program Rate					4.2500%			4.1200%			4.1200%		
Bond Insurance					FGIC			FGIC			FGIC		
SWAP					NO			NO			NO		
Callable:					3/1/2014 for 2015 & after at Par			4/1/2014 for 2015 & after at Par			4/1/2014 for 2015 & after at Par		
Prin. Pay Date					March 1			March 1			March 1		
Int. Pay Date					March 1 and September 1			March 1 and September 1			March 1 and September 1		
YR. NO.	FY	Principal	Interest	Total	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.
	2010	2,365,000	4,770,233	7,135,233	530,000	3.000%	245,406	415,000	3.000%	201,163	1,140,000	3.000%	551,350
1	2011	48,985,000	4,698,260	53,683,260	545,000	3.200%	229,506	430,000	3.000%	188,713	1,180,000	3.250%	517,150
2	2012	2,760,000	2,290,979	5,050,979	565,000	3.375%	212,066	435,000	3.500%	175,813	1,220,000	3.500%	478,800
3	2013	2,850,000	2,203,849	5,053,849	585,000	3.500%	192,998	460,000	3.500%	160,588	1,260,000	4.000%	436,100
4	2014	2,980,000	2,109,328	5,089,328	605,000	6.250%	172,523	475,000	3.500%	144,488	1,305,000	3.500%	385,700
5	2015	3,210,000	2,001,868	5,211,868	625,000	3.750%	134,710	490,000	3.625%	127,863	1,360,000	5.000%	340,025
6	2016	3,370,000	1,880,465	5,250,465	655,000	3.850%	111,273	510,000	3.750%	110,100	1,420,000	4.875%	272,025
7	2017	2,090,000	1,763,337	3,853,337	675,000	4.000%	86,055	530,000	8.750%	90,975	1,500,000	5.000%	202,800
8	2018	1,330,000	1,683,174	3,013,174	705,000	4.050%	59,055	545,000	4.000%	44,600	1,570,000	4.000%	127,800
9	2019	1,210,000	1,631,324	2,841,324	735,000	4.150%	30,503	570,000	4.000%	22,800	1,625,000	4.000%	65,000
10	2020	325,000	1,578,639	1,903,639	-	-	-	-	-	-	-	-	-
11	2021	345,000	1,561,121	1,906,121	-	-	-	-	-	-	-	-	-
12	2022	155,000	1,542,559	1,697,559	-	-	-	-	-	-	-	-	-
13	2023	170,000	1,536,172	1,706,172	-	-	-	-	-	-	-	-	-
14	2024	8,470,000	1,529,349	9,999,349	-	-	-	-	-	-	-	-	-
15	2025	8,790,000	1,359,752	10,149,752	-	-	-	-	-	-	-	-	-
16	2026	9,120,000	1,153,643	10,273,643	-	-	-	-	-	-	-	-	-
17	2027	9,450,000	931,083	10,381,083	-	-	-	-	-	-	-	-	-
18	2028	9,915,000	691,924	10,606,924	-	-	-	-	-	-	-	-	-
19	2029	3,950,000	644,839	4,594,839	-	-	-	-	-	-	-	-	-
20	2030	8,660,000	626,787	9,286,787	-	-	-	-	-	-	-	-	-
21	2031	12,665,000	591,262	13,256,262	-	-	-	-	-	-	-	-	-
22	2032	7,100,000	552,000	7,652,000	-	-	-	-	-	-	-	-	-

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

		Bonds Outstanding											
		10			11			12			13		
		Total PBA Loan Agreements			GO Refunding Bonds Series 2004A			GO Refunding Bonds Series 2004B			GO Refunding Bonds Series 2005		
Issue Name:													
Orig. Amt.					\$7,405,000			\$5,060,000			\$14,860,000		
Dated:					September 1, 2004			October 1, 2004			January 27, 2005		
Type					GO Bonds - Fixed Rate			GO Bonds			GO Bonds		
Program Rate					4.2500%			4.1200%			4.1200%		
Bond Insurance					FGIC			FGIC			FGIC		
SWAP					NO			NO			NO		
Callable:					3/1/2014 for 2015 & after at Par			4/1/2014 for 2015 & after at Par			4/1/2014 for 2015 & after at Par		
Prin. Pay Date					March 1			March 1			March 1		
Int. Pay Date					March 1 and September 1			March 1 and September 1			March 1 and September 1		
YR. NO.	FY	Principal	Interest	Total	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.	Prin.	Int. Rates	Int.
23	2033	7,550,000	468,850	8,018,850			-			-			-
24	2034	7,900,000	381,650	8,281,650			-			-			-
25	2035	8,250,000	291,300	8,541,300			-			-			-
26	2036	8,650,000	197,800	8,847,800			-			-			-
27	2037	9,050,000	100,700	9,150,700			-			-			-
		191,665,000	40,772,245	232,437,245	6,225,000	0	1,474,094	4,860,000	0	1,267,100	13,580,000	0	3,376,750

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

		14			15				16	17	18
Issue Name:		Total Bonds			TOTAL PBA LOAN AGREEMENTS AND BONDS				TOTAL VARIABLE RATE LOANS RECURRING COSTS	PROJECTED TOTAL SWAP PAYMENTS	ESTIMATED ANNUAL DEBT SERVICE PAYMENTS EXCLUDING TRUSTEE'S COMMISSIONS AND PAYING AGENT FEES
Orig. Amt.											
Dated:										As of	
Type										June 30, 2009	
Program Rate										Projected	
Bond Insurance										Total	
SWAP										SWAP	
Callable:										Payments	
Prin. Pay Date											
Int. Pay Date											
YR. NO.	FY	Principal	Interest	Total	Principal	Interest	Total	Percent of Principal Paid			
	2010	2,085,000	997,919	3,082,919	4,450,000	5,768,152	10,218,152	2.057%	609,675	2,091,920	12,919,746
1	2011	2,155,000	935,369	3,090,369	51,140,000	5,633,629	56,773,629	25.697%	606,246	2,091,920	59,471,794
2	2012	2,220,000	866,679	3,086,679	4,980,000	3,157,658	8,137,658	27.999%	602,817	2,091,920	10,832,395
3	2013	2,305,000	789,685	3,094,685	5,155,000	2,993,534	8,148,534	30.382%	599,228	2,091,920	10,839,681
4	2014	2,385,000	702,710	3,087,710	5,365,000	2,812,038	8,177,038	32.862%	595,639	2,091,920	10,864,597
5	2015	2,475,000	602,598	3,077,598	5,685,000	2,604,465	8,289,465	35.490%	593,810	2,091,920	10,975,195
6	2016	2,585,000	493,398	3,078,398	5,955,000	2,373,863	8,328,863	38.242%	591,606	2,091,920	11,012,388
7	2017	2,705,000	379,830	3,084,830	4,795,000	2,143,167	6,938,167	40.459%	589,402	2,091,920	9,619,489
8	2018	2,820,000	231,455	3,051,455	4,150,000	1,914,629	6,064,629	42.377%	588,698	2,055,575	8,708,902
9	2019	2,930,000	118,303	3,048,303	4,140,000	1,749,626	5,889,626	44.291%	587,834	1,972,330	8,449,789
10	2020	-	-	-	325,000	1,578,639	1,903,639	44.441%	587,834	1,884,526	4,375,998
11	2021	-	-	-	345,000	1,561,121	1,906,121	44.601%	587,834	1,716,836	4,210,791
12	2022	-	-	-	155,000	1,542,559	1,697,559	44.672%	587,834	1,539,910	3,825,302
13	2023	-	-	-	170,000	1,536,172	1,706,172	44.751%	587,802	1,353,268	3,647,241
14	2024	-	-	-	8,470,000	1,529,349	9,999,349	48.666%	587,738	1,156,310	11,743,397
15	2025	-	-	-	8,790,000	1,359,752	10,149,752	52.730%	557,042	1,095,350	11,802,144
16	2026	-	-	-	9,120,000	1,153,643	10,273,643	56.945%	526,346	1,034,390	11,834,378
17	2027	-	-	-	9,450,000	931,083	10,381,083	61.314%	495,650	901,730	11,778,463
18	2028	-	-	-	9,915,000	691,924	10,606,924	65.897%	468,154	799,550	11,874,627
19	2029	-	-	-	3,950,000	644,839	4,594,839	67.723%	408,658	727,850	5,731,347
20	2030	-	-	-	8,660,000	626,787	9,286,787	71.726%	384,722	561,085	10,232,594
21	2031	-	-	-	12,665,000	591,262	13,256,262	77.581%	322,488	307,326	13,886,075
22	2032	-	-	-	7,100,000	552,000	7,652,000	80.863%	227,500	-	7,879,500

**Projected Total Debt Service Requirements
(Excluding Trustee's Commission and Paying Agent Fees)**

		14			15				16	17	18
		Total Bonds			TOTAL PBA LOAN AGREEMENTS AND BONDS				TOTAL VARIABLE RATE LOANS RECURRING COSTS	PROJECTED TOTAL SWAP PAYMENTS	ESTIMATED ANNUAL DEBT SERVICE PAYMENTS EXCLUDING TRUSTEE'S COMMISSIONS AND PAYING AGENT FEES
Issue Name:											
Orig. Amt.											
Dated:											
Type											
Program Rate											
Bond Insurance											
SWAP											
Callable:											
Prin. Pay Date											
Int. Pay Date											
YR. NO.	FY	Principal	Interest	Total	Principal	Interest	Total	Percent of Principal Paid		As of June 30, 2009 Projected Total SWAP Payments	
23	2033	-	-	-	7,550,000	468,850	8,018,850	84.353%	194,500	-	8,213,350
24	2034	-	-	-	7,900,000	381,650	8,281,650	88.004%	159,250	-	8,440,900
25	2035	-	-	-	8,250,000	291,300	8,541,300	91.818%	122,250	-	8,663,550
26	2036	-	-	-	8,650,000	197,800	8,847,800	95.817%	83,500	-	8,931,300
27	2037	-	-	-	9,050,000	100,700	9,150,700	100.000%	42,750	-	9,193,450
		24,665,000	6,117,944	30,782,944	216,330,000	46,890,189	263,220,189		12,896,796	33,841,397	309,958,381
As of June 30, 2010 Projected											
297,038,635											

BLOUNT COUNTY, TENNESSEE
SWAPS AS OF FEBRUARY 18, 2010

SWAP PAYMENTS ONLY

		1				2				3				4
Issue Name:		Series IV-C-1 SWAP ONLY			Series A-1-A SWAP ONLY			Series A-5-A SWAP ONLY			Series B-4-A SWAP ONLY			
Orig. Amt.		\$39,000,000			\$20,000,000			\$10,000,000			\$10,000,000			
Dated:		March 16, 2000			May 17, 2001			June 26, 2002			February 28, 2004			
Rates 6/30/2009		4.270%	-1.871%	2.399%	4.313%	-1.871%	2.442%	3.900%	-1.864%	2.036%	3.264%	-1.740%	1.524%	
Net Rate for SWAP		2.3990%			2.4420%			2.0360%			1.5240%			
SWAP Provider		Ambac/Novation			Ambac/Novation			Ambac/Novation			Ambac/Novation			
SWAP		SWAP			SWAP			SWAP			SWAP			
SWAP Termination		6/30/2009	\$4,846,740		6/30/2009	\$3,805,570		6/30/2009	\$1,266,749		6/30/2009	\$618,528		
Prin. Pay Date		June 1			June 1			June 1			June 1			
Payment Dates		M1, J1, S1, D1			M1, J1, S1, D1			M1, J1, S1, D1			Every 7 Days			
YR.	FY	Notional Amount	Net Rate	SWAP Payments	Notional Amount	Net Rate	SWAP Payments	Notional Amount	Net Rate	SWAP Payments	Notional Amount	Net Rate	SWAP Payments	
	2010	-		935,610	-		488,400	-		203,600	-		213,360	
1	2011	-		935,610	-		488,400	-		203,600	-		213,360	
2	2012			935,610			488,400			203,600	-		213,360	
3	2013			935,610			488,400			203,600	-		213,360	
4	2014			935,610			488,400			203,600	-		213,360	
5	2015			935,610			488,400			203,600	-		213,360	
6	2016			935,610			488,400			203,600	-		213,360	
7	2017	1,515,000	2.399%	935,610			488,400			203,600	-		213,360	
8	2018	3,470,000	2.399%	899,265			488,400			203,600	-		213,360	
9	2019	3,660,000	2.399%	816,020			488,400			203,600	-		213,360	
10	2020	6,990,000	2.399%	728,216			488,400			203,600	-		213,360	
11	2021	7,375,000	2.399%	560,526			488,400			203,600			213,360	
12	2022	7,780,000	2.399%	383,600			488,400			203,600			213,360	
13	2023	8,210,000	2.399%	196,958			488,400			203,600			213,360	
14	2024	-		-			488,400			203,600	4,000,000	1.524%	213,360	
15	2025	-		-			488,400			203,600	4,000,000	1.524%	152,400	
16	2026			-			488,400			203,600	4,000,000	1.524%	91,440	
17	2027			-			488,400			203,600	2,000,000	1.524%	30,480	
18	2028			-			488,400			203,600			-	
19	2029			-			488,400	6,430,000	2.036%	203,600	-		-	
20	2030			-	7,415,000	2.442%	488,400	3,570,000	2.036%	72,685	-		-	
21	2031			-	12,585,000	2.442%	307,326			-	-		-	

BLOUNT COUNTY, TENNESSEE
SWAPS AS OF FEBRUARY 18, 2010

SWAP PAYMENTS ONLY

		1	2	3	4								
Issue Name:		Series IV-C-1 SWAP ONLY	Series A-1-A SWAP ONLY	Series A-5-A SWAP ONLY	Series B-4-A SWAP ONLY								
Orig. Amt.		\$39,000,000	\$20,000,000	\$10,000,000	\$10,000,000								
Dated:		March 16, 2000	May 17, 2001	June 26, 2002	February 28, 2004								
Rates 6/30/2009		4.270% -1.871% 2.399%	4.313% -1.871% 2.442%	3.900% -1.864% 2.036%	3.264% -1.740% 1.524%								
Net Rate for SWAP		2.3990%	2.4420%	2.0360%	1.5240%								
SWAP Provider		Ambac/Novation	Ambac/Novation	Ambac/Novation	Ambac/Novation								
SWAP		SWAP	SWAP	SWAP	SWAP								
SWAP Termination		6/30/2009 \$4,846,740	6/30/2009 \$3,805,570	6/30/2009 \$1,266,749	6/30/2009 \$618,528								
Prin. Pay Date		June 1	June 1	June 1	June 1								
Payment Dates		M1, J1, S1, D1	M1, J1, S1, D1	M1, J1, S1, D1	Every 7 Days								
YR.	FY	Notional Amount	Net Rate	SWAP Payments	Notional Amount	Net Rate	SWAP Payments	Notional Amount	Net Rate	SWAP Payments	Notional Amount	Net Rate	SWAP Payments
22	2032			-			-			-			-
23	2033			-			-			-			-
24	2034			-			-			-			-
25	2035			-			-			-			-
26	2036			-			-			-			-
27	2037			-			-			-			-
28	2038			-			-			-			-
29	2039			-			-			-			-
30	2040			-			-			-			-
		39,000,000		11,069,466	20,000,000		10,563,726	10,000,000		4,144,685	14,000,000		3,474,720

BLOUNT COUNTY, TENNESSEE
SWAPS AS OF FEBRUARY 18, 2010

SWAP PAYMENTS ONLY

		5			6	
Issue Name:		Series D-1-B SWAP ONLY				
Orig. Amt.		\$14,000,000				
Dated:		March 16, 2005			TOTAL SWAP PAYMENTS	
Rates 6/30/2009		3.533%	-1.740%	1.793%		
Net Rate for SWAP		1.7925%				
SWAP Provider		Ambac/Novation			Estimated	
SWAP		SWAP			Total	
SWAP Termination		6/30/2009	\$1,246,219		\$11,783,806	
Prin. Pay Date		June 1			As of June 30, 2009	
Payment Dates		M1, J1, S1, D1			Total	Total
YR.	FY	Notional	Net	SWAP	Notional	SWAP
NO.		Amount	Rate	Payments	Amount	Payments
	2010	-		250,950	-	2,091,920
1	2011	-		250,950	-	2,091,920
2	2012	-		250,950	-	2,091,920
3	2013	-		250,950	-	2,091,920
4	2014	-		250,950	-	2,091,920
5	2015	-		250,950	-	2,091,920
6	2016	-		250,950	-	2,091,920
7	2017	-		250,950	1,515,000	2,091,920
8	2018	-		250,950	3,470,000	2,055,575
9	2019	-		250,950	3,660,000	1,972,330
10	2020	-		250,950	6,990,000	1,884,526
11	2021			250,950	7,375,000	1,716,836
12	2022			250,950	7,780,000	1,539,910
13	2023			250,950	8,210,000	1,353,268
14	2024			250,950	4,000,000	1,156,310
15	2025			250,950	4,000,000	1,095,350
16	2026	4,000,000	1.793%	250,950	8,000,000	1,034,390
17	2027	4,000,000	1.793%	179,250	6,000,000	901,730
18	2028	4,000,000	1.793%	107,550	4,000,000	799,550
19	2029	2,000,000	1.793%	35,850	8,430,000	727,850
20	2030	-		-	10,985,000	561,085
21	2031	-		-	16,310,000	307,326

BLOUNT COUNTY, TENNESSEE
SWAPS AS OF FEBRUARY 18, 2010

SWAP PAYMENTS ONLY

5

6

Issue Name:	Series D-1-B SWAP ONLY					
Orig. Amt.	\$14,000,000					
Dated:	March 16, 2005			TOTAL SWAP PAYMENTS		
Rates 6/30/2009	3.533%	-1.740%	1.793%			
Net Rate for SWAP	1.7925%					
SWAP Provider	Ambac/Novation			Estimated		
SWAP	SWAP			Total		
SWAP Termination	6/30/2009	\$1,246,219		\$11,783,806	As of June 30, 2009	
Prin. Pay Date	June 1				Projected	
Payment Dates	M1, J1, S1, D1			Total	Total	
YR. NO.	FY	Notional Amount	Net Rate	SWAP Payments	Notional Amount	SWAP Payments
22	2032	-		-	900,000	-
23	2033			-	-	-
24	2034			-	-	-
25	2035			-	-	-
26	2036			-	-	-
27	2037			-	-	-
28	2038			-	-	-
29	2039			-	-	-
30	2040			-	-	-
		14,000,000		4,588,800	101,625,000	33,841,397

BLOUNT COUNTY, TENNESSEE
SWAPS AS OF FEBRUARY 18, 2010

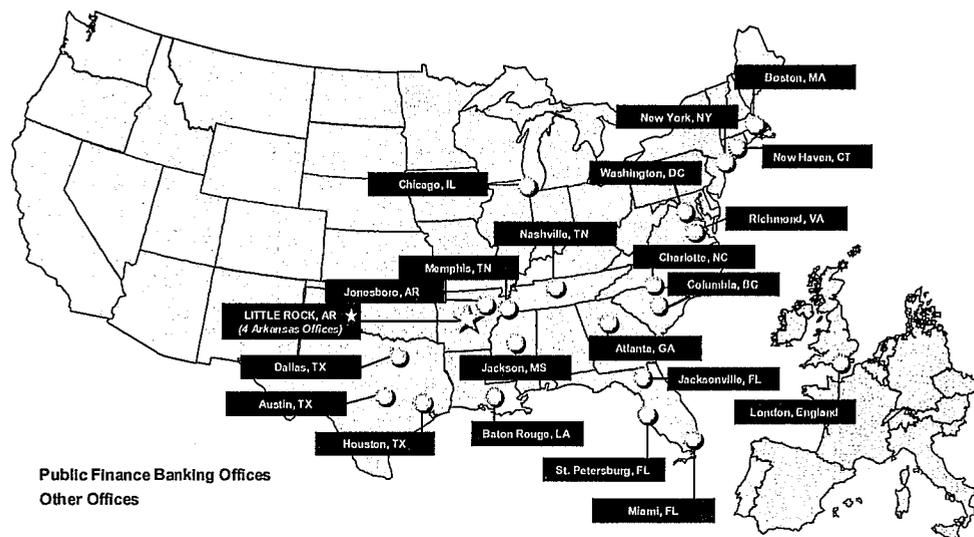
		7				8	9		
Issue Name:		TOTAL PBA LOAN AGREEMENTS AND BONDS				TOTAL VARIABLE RATE LOANS RECURRING COSTS	ESTIMATED ANNUAL DEBT SERVICE PAYMENTS EXCLUDING TRUSTEE'S COMMISSIONS AND PAYING AGENT FEES		
Orig. Amt.									
Dated:									
Rates 6/30/2009									
Net Rate for SWAP									
SWAP Provider									
SWAP									
SWAP Termination									
Prin. Pay Date									
Payment Dates									
YR. NO.	FY	Principal	Interest	Total	Percent of Principal Paid				
	2010	4,450,000	5,768,152	10,218,152	2.057%	609,675	12,919,746		2010
1	2011	51,140,000	5,633,629	56,773,629	25.697%	606,246	59,471,794		2011
2	2012	4,980,000	3,157,658	8,137,658	27.999%	602,817	10,832,395		2012
3	2013	5,155,000	2,993,534	8,148,534	30.382%	599,228	10,839,681		2013
4	2014	5,365,000	2,812,038	8,177,038	32.862%	595,639	10,864,597		2014
5	2015	5,685,000	2,604,465	8,289,465	35.490%	593,810	10,975,195		2015
6	2016	5,955,000	2,373,863	8,328,863	38.242%	591,606	11,012,388		2016
7	2017	4,795,000	2,143,167	6,938,167	40.459%	589,402	9,619,489		2017
8	2018	4,150,000	1,914,629	6,064,629	42.377%	588,698	8,708,902		2018
9	2019	4,140,000	1,749,626	5,889,626	44.291%	587,834	8,449,789		2019
10	2020	325,000	1,578,639	1,903,639	44.441%	587,834	4,375,998		2020
11	2021	345,000	1,561,121	1,906,121	44.601%	587,834	4,210,791		2021
12	2022	155,000	1,542,559	1,697,559	44.672%	587,834	3,825,302		2022
13	2023	170,000	1,536,172	1,706,172	44.751%	587,802	3,647,241		2023
14	2024	8,470,000	1,529,349	9,999,349	48.666%	587,738	11,743,397		2024
15	2025	8,790,000	1,359,752	10,149,752	52.730%	557,042	11,802,144		2025
16	2026	9,120,000	1,153,643	10,273,643	56.945%	526,346	11,834,378		2026
17	2027	9,450,000	931,083	10,381,083	61.314%	495,650	11,778,463		2027
18	2028	9,915,000	691,924	10,606,924	65.897%	468,154	11,874,627		2028
19	2029	3,950,000	644,839	4,594,839	67.723%	408,658	5,731,347		2029
20	2030	8,660,000	626,787	9,286,787	71.726%	384,722	10,232,594		2030
21	2031	12,665,000	591,262	13,256,262	77.581%	322,488	13,886,075		2031

BLOUNT COUNTY, TENNESSEE
SWAPS AS OF FEBRUARY 18, 2010

		7				8	9	
Issue Name:		TOTAL PBA LOAN AGREEMENTS AND BONDS				TOTAL VARIABLE RATE LOANS RECURRING COSTS	ESTIMATED ANNUAL DEBT SERVICE PAYMENTS EXCLUDING TRUSTEE'S COMMISSIONS AND PAYING AGENT FEES	Fiscal Year
Orig. Amt.								
Dated:								
Rates 6/30/2009								
Net Rate for SWAP								
SWAP Provider								
SWAP								
SWAP Termination								
Prin. Pay Date								
Payment Dates								
YR. NO.	FY	Principal	Interest	Total	Percent of Principal Paid			
22	2032	7,100,000	552,000	7,652,000	80.863%	227,500	7,879,500	2032
23	2033	7,550,000	468,850	8,018,850	84.353%	194,500	8,213,350	2033
24	2034	7,900,000	381,650	8,281,650	88.004%	159,250	8,440,900	2034
25	2035	8,250,000	291,300	8,541,300	91.818%	122,250	8,663,550	2035
26	2036	8,650,000	197,800	8,847,800	95.817%	83,500	8,931,300	2036
27	2037	9,050,000	100,700	9,150,700	100.000%	42,750	9,193,450	2037
28	2038	-	-	-	100.000%		-	2038
29	2039	-	-	-	100.000%		-	2039
30	2040	-	-	-	100.000%		-	2040
		216,330,000	46,890,189	263,220,189		12,896,796	309,958,381	

STEPHENS INC.

Stephens Inc. was founded as a municipal bond firm in 1933. Today, the company is a full-service investment banking firm based in Little Rock, Arkansas with over 750 employees located in twenty-four offices located in Atlanta, Austin, Baton Rouge, Boston, Charlotte, Columbia, Conway, Dallas, Evanston, Fayetteville, Hot Springs, Houston, Jackson, Jacksonville, Jonesboro, Memphis, Miami, Nashville, New Haven, New York, Richmond, St. Petersburg, Washington, D.C. and London, England.



Stephens Inc. has made a tremendous commitment to the Tennessee bond market by bringing together an entire group of Tennessee bankers, underwriters, salesmen and traders. The Nashville office opened in July 2000.

Stephens Inc.'s services include the structuring and sale of municipal and corporate securities, general securities brokerage, money management and estate planning. Stephens serves a broad client base which includes state and local governments, utility systems, financial institutions, corporations, not-for-profit organizations and individual investors throughout the United States and overseas. Warren Stephens is Chairman, President and Chief Executive Officer of Stephens Inc. Stephens Inc. is privately owned by Mr. Stephens and his related interests. In terms of financial resources and capital, Stephens remains among the largest and strongest privately held investment firms in the United States.

STEPHENS INC.'S CREDENTIALS

Stephens Inc. is a member of the following exchanges and associations:

- | | |
|---|---|
| New York Stock Exchange, Inc. | Investment Company Institute |
| Chicago Stock Exchange | Financial Industry Regulatory Authority, Inc. |
| Boston Stock Exchange | Chicago Board Options Exchange |
| Options Clearing Corporation | Depository Trust Company |
| Securities Industry/Financial Markets Association | International Association of Financial Planners |
| Mortgage Bankers Association | Securities Investor Protection Corporation |
| National Futures Association | American Bankers Association |
| Municipal Securities Rulemaking Board | |

As required, Stephens Inc. employees maintain Financial Industry Regulatory Authority, Inc. (FINRA) licenses required to conduct business in their respective state. Stephens Inc.'s Nashville, Tennessee office Public Finance employees have at least two of the following:

- Series 63 Uniform State Law Securities Agent License.
- Series 52 Municipal Securities Representative License
- Series 66 Uniform State Law Combined Registered Investment Advisor
- Series 7 General Securities Representative License

PUBLIC FINANCE

Banking, Sales, Trading and Underwriting Offices

NASHVILLE, TN

Banking/Sales/Trading

Atlanta, GA

Banking

Baton Rouge, LA

Banking

Chicago, IL

Sales

Fayetteville, AR

Banking/Sales

Memphis, TN

Sales

LITTLE ROCK, AR

Banking/Sales/Trading/Underwriting

Austin, TX

Sales

Charlotte, NC

Banking/Sales

Dallas, TX

Banking

Jackson, MS

Banking

St. Petersburg, FL

Sales/Banking

The Public Finance Group at Stephens Inc. offers a complete platform of services for our clients including bond underwriting, financial advisory services, and investment advisory services. Since 1990, Stephens Inc. has served as financial advisor on over 1,100 municipal bond issues and has served as managing underwriter on over 2,500 municipal bond issues. Over 200 of these managed issues were for Tennessee issuers. Stephens Inc. has traditionally focused on both large and small issuers. We have continued that philosophy in Tennessee. Since the opening of the Nashville office in July of 2000, the Tennessee Public Finance Group has served as financial advisor on Tennessee bond issues totaling more than \$4 billion and has served as lead managing underwriter on more than \$1.33 billion in Tennessee bond financings.

Our Public Finance Group focuses on originating new debt securities issues to fund major capital projects for governments, utilities, corporations, private schools, colleges, universities, hospitals and other not-for-profit organizations.

Stephens Inc. is involved in all sectors of public finance, having completed transactions for all of the following purposes:

- ◆ **Municipal and County Government facilities** - Our work in this area has been for projects such as city halls, courthouses, libraries, schools, airports, fire halls, correctional facilities, and law enforcement facilities.
- ◆ **Educational facilities for primary, secondary, and higher education and for student loans** - Stephens Inc. has assisted many educational institutions with financing both new construction and renovation projects. These financings include: administration buildings, student housing, athletic and recreational facilities, cafeterias, as well as the renovation and expansion of existing buildings.
- ◆ **Utilities, including water, sewer, electric, gas, telephone, cable television, broadband networks, sanitation and flood control facilities**
- ◆ **Sales Tax Revenue Bonds for various public projects, ranging from libraries to water and sewer improvements**
- ◆ **Health Care for single specialty, general acute care and childrens' hospitals**
- ◆ **Recreational facilities and projects** - Stephens Inc. has been involved with the development of numerous community facilities. Convention and civic centers, parks, golf courses, swimming pools and stadiums make up part of the list of such facilities with which Stephens Inc. has experience.
- ◆ **Housing for both single-family and multifamily projects** - During the 1990's, Stephens Inc. was ranked among the top ten housing finance firms in the United States.
- ◆ **Industrial and Economic Development, Pollution Control and Resource Recovery**

INNOVATIONS

As a leading provider of bond underwriting and financial advisory services, the public finance bankers at Stephens Inc. have a great deal of experience in creative solutions to solve both common and unique problems faced by issuers. Part of our job is to recognize the problem and find solutions fashioned to the specific needs of the issuer.

Some of the ideas that we have advised our clients to utilize include, but are not limited to, the following:

- ◆ **Electronic Bidding** - The bankers at Stephens Inc. have been leaders in introducing electronic bidding to Tennessee issuers. Electronic bidding is used to allow bidders to submit a bid on a competitive sale through electronic mechanisms—i.e. a secure internet connection. Issuer officials are able to observe the bids' arrival (with the actual rate hidden) on a private internet site. Once the time deadline has passed, the rates are revealed, and the winning bidder is determined. Electronic bidding reduces the possibility of errors, simplifies bid submission, and allows for last minute adjustments by the bidders.

- ◆ **Good Faith Deposit Accompanying Bids** – To protect our issuer clients and at the same time to encourage participation in the competitive bidding process we now typically offer bidders three alternative means of providing a good faith deposit accompanying bids:
 - ◆ Certified check accompanying the bid
 - ◆ Surety bond guarantying the good faith deposit provided by an insurance company acceptable to the issuer
 - ◆ Wire transfer of funds to fulfill the good faith deposit to be received by the issuer on the day following the receipt of bids.

- ◆ **Book-Entry-Only Bonds** - More and more issuers are offering their bonds in a book-entry-only format. With this method, the issuer does not pay for printing costs associated with physical bond certificates. Additionally, the annual administrative costs are reduced. We recommend that issuers take advantage of Book-Entry-Only form.

- ◆ **Elimination of Call Premiums** - Stephens Inc. has been very active in reducing the call premiums associated with their clients' issues. If a call premium does not materially reduce a client's interest rate, we feel it is an unnecessary expense. In many instances, we have been successful in selling bonds with eight to ten year call protection and no call penalty.

- ◆ **Creative repayment structuring** – The Stephens Inc. team will provide creative ways to structure new debt to minimize the impact on taxpayers or rate payers. We can also fashion a customized repayment schedule that works within common or unusual constraints.

- ◆ **Capital Appreciation Bonds** – The bankers at Stephens Inc. were among the first to sell Tennessee Capital Appreciation Bonds at a competitive sale. Capital Appreciation Bonds are sold at a deep discount and pay no interest until maturity. In certain circumstances, they can be a valuable tool in structuring debt.

CURRENT CLIENT LIST FROM AUGUST 2000 TO PRESENT

Dated Date	Amount	Issuer and Description	Role
3/10/2010	\$8,760,000	Columbia, Tennessee General Obligation Refunding and Improvement Bonds, Series 2010 (BQ)	Financial Advisor
2/25/2010	\$11,080,000	Claiborne Utilities District of Claiborne County, Tennessee Water, Sewer and Gas Revenue Bonds, Series 2010 (BQ)	Financial Advisor
2/4/2010	\$5,400,000	Montgomery County, Tennessee General Obligation Bonds, Series 2010	Financial Advisor
12/30/2009	\$4,915,000	Wilson County, Tennessee County District School Bonds, Series 2009 (BQ)	Financial Advisor
12/9/2009	\$4,280,000	Gibson County Special School District, Tennessee School Refunding and Improvement Bonds, Series 2009 (BQ) (Pending)	Underwriter
12/4/2009	\$3,050,000	Smyrna, Tennessee General Obligation Bonds, Series 2009 (ULT) (BQ)	Financial Advisor
12/4/2009	\$19,340,000	Smyrna, Tennessee Water and Sewer Revenue and Tax Bonds, Series 2009 (ULT) (BQ)	Financial Advisor
12/2/2009	\$24,700,000	Williamson County, Tennessee General Obligation School Bonds, Series 2009B	Financial Advisor
12/2/2009	\$39,000,000	Williamson County, Tennessee County District School Bonds, Series 2009B	Financial Advisor
11/19/09	\$15,000,000	Consolidated Utility District of Rutherford County, Tennessee Waterworks Revenue Bonds, Series 2009	Financial Advisor
11/17/09	\$10,990,000	Madison County, Tennessee General Obligation School Bonds, Series 2009 (Build America Bonds-Direct Payment) (Taxable)	Financial Advisor
11/17/09	\$18,000,000	Dickson County General Obligation Bond, Series 2009 (BQ)	Financial Advisor
11/12/09	\$2,425,000	Claiborne County, Tennessee General Obligation Refunding Bonds, Series 2009	Financial Advisor
11/10/09	\$5,400,000	Henderson County, Tennessee General Obligation Bonds, Series 2009	Financial Advisor
11/10/09	\$2,815,000	Henderson County, Tennessee General Obligation County District School Refunding Bonds, Series 2009	Financial Advisor
08/27/09	\$4,005,000	Tullahoma, Tennessee General Obligation Refunding Bonds, Series 2009	Underwriter
07/29/09	\$2,295,000	Cookeville, Tennessee Gas System Revenue Refunding Bonds, Series 2009	Financial Advisor
07/28/09	\$10,330,000	Dyer County, Tennessee General Obligation Refunding Bonds, Series 2009B	Underwriter
07/06/09	\$1,770,000	Milan Special School District School Refunding Bonds, Series 2009	Underwriter
06/26/09	\$6,820,000	Mt. Juliet, Tennessee General Obligation Refunding Bonds, Series 2009	Financial Advisor
06/15/09	\$15,205,000	Franklin County, Tennessee General Obligation School Refunding Bonds, Series 2009	Underwriter
06/10/09	\$1,895,000	Wilson County, Tennessee General Obligation Capital Outlay Notes, Series 2009	Financial Advisor
06/04/09	\$19,910,000	Dyer County, Tennessee General Obligation Refunding Bonds, Series 2009A	Underwriter
05/28/09	\$21,000,000	Rutherford County, Tennessee General Obligation Capital Outlay Notes, Series 2009	Financial Advisor
05/28/09	\$41,325,000	Rutherford County, Tennessee General Obligation Bonds, Series 2009	Financial Advisor
03/31/09	\$2,340,000	Putnam County, Tennessee General Obligation School Refunding Bonds, Series 2009	Financial Advisor
03/31/09	\$5,520,000	Overton County, Tennessee General Obligation Refunding Bonds, Series 2009 (BQ)	Underwriter

Dated Date	Amount	Issuer and Description	Role
03/31/09	\$4,340,000	Hollow Rock-Bruceton Special School District of Tennessee School Refunding Bonds, Series 2009 (BQ)	Underwriter
03/06/09	\$4,500,000	Montgomery County, Tennessee General Obligation Capital Outlay Notes, Series 2009 (BQ)	Financial Advisor
02/26/09	\$3,200,000	Unicoi County, Tennessee General Obligation Capital Outlay Notes, Series 2009 (BQ)	Financial Advisor
02/24/09	\$26,450,000	Williamson County, Tennessee General Obligation Bonds, Series 2009A	Financial Advisor
02/24/09	\$23,660,000	Williamson County, Tennessee County District School Refunding and Improvement Bonds, Series 2009A	Financial Advisor
02/12/09	\$8,205,000	Smyrna, Tennessee Water and Sewer Revenue and Tax Refunding Bonds, Series 2009 (BQ)	Financial Advisor
02/04/09	\$39,225,000	Robertson County, Tennessee General Obligation School and Public Improvement Bonds, Series 2009 (ULT)	Financial Advisor
12/30/08	\$6,500,000	Columbia, Tennessee Electric System Revenue Refunding and Improvement Bonds, Series 2008	Underwriter
12/30/08	\$4,500,000	Columbia, Tennessee Waterworks System Revenue Bonds, Series 2008	Underwriter
12/30/08	\$10,000,000	Hallsdale-Powell Utility District of The Hallsdale-Powell Utility District of Knox County, Tennessee Waterworks and Sewer Revenue Improvement Bonds Series 2008	Underwriter
12/23/08	\$9,985,000	Smyrna, Tennessee General Obligation Bonds, Series 2008	Financial Advisor
12/17/08	\$3,000,000	Franklin County, Tennessee General Obligation School Bonds, Series 2008	Financial Advisor
12/11/08	\$9,500,000	Henderson County, Tennessee General Obligation Bonds, Series 2008	Financial Advisor
12/04/08	\$7,100,000	Gibson County Special School District, Tennessee School Bonds, Series 2008	Underwriter
11/05/08	\$3,000,000	Maury County, Tennessee General Obligation Capital Outlay Notes, Series 2008B	Financial Advisor
11/05/08	\$2,500,000	Spring Hill, Tennessee General Obligation Road Improvements Capital Outlay Notes, Series 2008 (BQ)	Financial Advisor
10/30/08	\$965,000	Unicoi County, Tennessee Public Improvements Capital Outlay Notes, Series 2008	Financial Advisor
09/30/08	\$3,695,000	Chester County, Tennessee General Obligation School Refunding Bonds, Series 2008	Financial Advisor
09/24/08	\$16,350,000	Unicoi County, Tennessee General Obligation School Bonds, Series 2008	Financial Advisor
09/18/08	\$1,760,000	Milan Special School District School Improvement Bonds, Series 2008	Underwriter
09/17/08	\$6,000,000	Columbia, Tennessee Sewer System Revenue and Tax Bonds, Series 2008 (Non-BQ)	Financial Advisor
09/04/08	\$8,255,000	McKenzie Special School District of Tennessee School Refunding Bonds, Series 2008 (BQ)	Underwriter
08/28/08	\$18,450,000	Montgomery County, Tennessee General Obligation Industrial Park Bonds (Taxable), Series 2008 (ULT)	Financial Advisor
08/20/08	\$2,300,000	Columbia, Tennessee General Improvement General Obligation Bonds, Series 2008 (Non-BQ)	Financial Advisor
07/29/08	\$2,150,000	Paris Special School District School Refunding Bonds, Series 2008	Financial Advisor
07/02/08	\$96,930,000	Memphis, Tennessee Electric System Subordinate Revenue Refunding Bonds, Series 2008	Financial Advisor
06/12/08	\$29,000,000	Maury County, Tennessee General Obligation School and Public Improvement Bonds, Series 2008	Financial Advisor
05/29/08	\$30,500,000	Robertson County, Tennessee General Obligation School and Public Improvement Bonds, Series 2008	Financial Advisor

Dated Date	Amount	Issuer and Description	Role
05/08/08	\$3,900,000	Wilson County, Tennessee General Obligation Capital Outlay Notes, Series 2008	Financial Advisor
05/08/08	\$2,300,000	Wilson County, Tennessee General Obligation Capital Outlay Notes, Series 2008	Financial Advisor
04/24/08	\$5,365,000	Wilson County, Tennessee General Obligation Public Improvement and School Refunding Bonds, Series 2008	Underwriter
04/10/08	\$300,000	Wilson County, Tennessee General Obligation Public Improvement Capital Outlay Notes, Series 2007 (Non BQ)	Financial Advisor
02/28/08	\$2,000,000	Maury County, Tennessee Capital Outlay Notes Series 2008	Financial Advisor
02/28/08	\$7,100,000	Williamson County, Tennessee County Hospital Revenue and Tax Refunding Bonds, Series 2008	Financial Advisor
02/28/08	\$19,250,000	Williamson County, Tennessee County District School Bonds, Series 2008	Financial Advisor
02/28/08	\$11,100,000	Williamson County, Tennessee General Obligation Bonds, Series 2008	Financial Advisor
02/26/08	\$8,395,000	Wilson County, Tennessee County District School Bonds, Series 2008	Financial Advisor
12/27/07	\$2,760,000	Rhea County, Tennessee General Obligation Refunding Bonds, Series 2007	Placement Agent
11/07/07	\$42,700,000	Rutherford County, Tennessee General Obligation School and Public Improvement Bonds, Series 2007	Financial Advisor
10/09/07	\$4,257,000	Maury County, Tennessee General Obligation Capital Outlay Notes, Series 2007 (BQ)	Financial Advisor
09/12/07	\$57,700,000	Putnam County, Tennessee School Bonds, Series 2007	Financial Advisor
08/30/07	\$18,000,000	Montgomery County, Tennessee General Obligation Bonds, Series 2007 (ULT)	Financial Advisor
07/27/07	\$14,575,000	Gibson County Special School District, Tennessee School Bonds, Series 2007	Underwriter
07/11/07	\$6,500,000	Sullivan County, Tennessee Industrial (Business) Park Bonds (Taxable), Series 2007	Financial Advisor
06/12/07	\$8,375,000	Lincoln County, Tennessee, General Obligation Refunding Bonds, Series 2007	Placement Agent
06/12/07	\$4,960,000	Fayetteville-Lincoln County Industrial Development Board, Tennessee Revenue and Tax Refunding Bonds, Series 2007	Placement Agent
06/07/07	\$16,000,000	Putnam County, Tennessee General Obligation Public Improvement Bonds, Series 2007	Financial Advisor
03/07/07	\$49,005,000	Robertson County, Tennessee General Obligation School and Public Improvement Bonds, Series 2007 (ULT)	Financial Advisor
02/22/07	\$145,000	Tulahoma, Tennessee Airport Bond Defeasance	Financial Advisor
02/22/07	\$27,560,000	Williamson County, Tennessee County District School Bonds, Series 2007	Financial Advisor
02/22/07	\$7,635,000	Williamson County, Tennessee General Obligation Bonds, Series 2007	Financial Advisor
02/01/07	\$7,540,000	Wilson County, Tennessee County District School Bonds, Series 2007 (Non-BQ)	Financial Advisor
12/27/06	\$9,500,000	Smyrna, Tennessee General Obligation Bonds, Series 2006 BQ	Financial Advisor
12/20/06	\$1,680,000	Kingsport, Tennessee Water and Sewer System Revenue and Tax Bonds, Series 2006	Financial Advisor
12/20/06	\$13,320,000	Kingsport, Tennessee General Obligation School and Public Improvement Bonds, Series 2006	Financial Advisor
12/20/06	\$16,755,000	Williamson County, Tennessee General Obligation Refunding Bonds, Series 2006	Underwriter
12/19/06	\$15,185,000	Maury County, Tennessee General Obligation Capital Outlay Notes, Series 2006	Financial Advisor

Dated Date	Amount	Issuer and Description	Role
12/15/06	\$9,320,000	Tullahoma, Tennessee General Obligation Refunding Bonds, Series 2006 BQ	Financial Advisor
10/18/06	\$3,300,000	Unicoi County, Tennessee General Obligation Refunding Bonds, Series 2006 (BQ)	Underwriter
10/11/06	\$9,545,000	Putnam County, Tennessee General Obligation Refunding Bonds, Series 2006 (BQ)	Underwriter
08/31/06	\$8,150,000	Maury County, Tennessee General Obligation Bonds, Series 2006B	Financial Advisor
08/11/06	\$63,945,000	Montgomery County, Tennessee General Obligation School and Refunding Bonds, Series 2006	Financial Advisor
07/01/06	\$25,735,000	Williamson County, Tennessee General Obligation School and Public Improvement Bonds, Series 2006	Financial Advisor
07/01/06	\$20,045,000	Williamson County, Tennessee Rural School Bonds, Series 2006	Financial Advisor
06/23/06	\$33,552	Watertown, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2006A	Financial Advisor
06/23/06	\$18,138	Watertown, Tennessee Water and Sewer Revenue and Tax Refunding Capital Outlay Notes, Series 2006B	Financial Advisor
06/01/06	\$15,920,000	Maury County, Tennessee General Obligation Bonds, Series 2006	Financial Advisor
06/01/06	\$64,220,000	Rutherford County, Tennessee General Obligation School and Public Improvement Bonds, Series 2006	Financial Advisor
05/31/06	\$5,035,000	Madison County, Tennessee Loan Agreement [The Public Building Authority of The City of Lawrenceburg, Tennessee General Obligation Bonds, Series 2006]	Placement Agent
05/10/06	\$9,800,000	Pulaski, Tennessee Electric System Revenue Refunding and Improvement Bonds, Series 2006 (BQ)	Financial Advisor
05/01/06	\$19,500,000	Marion County, Tennessee General Obligation School Bonds, Series 2006 (ULT)	Financial Advisor
04/27/06	\$18,000,000	Consolidated Utility District (The) of Rutherford County, Tennessee Waterworks Revenue Bonds, Series 2006	Underwriter
03/15/06	\$2,355,000	Madison County, Tennessee Refunding Bonds, Series 2006	Placement Agent
02/01/06	\$3,615,000	Rhea County, Tennessee County District School Refunding Bonds, Series 2006	Financial Advisor
02/01/06	\$6,180,000	Rhea County, Tennessee School Refunding Bonds, Series 2006	Financial Advisor
02/01/06	\$7,500,000	Wilson County, Tennessee County District School Bonds, Series 2006	Financial Advisor
02/01/06	\$5,625,000	La Vergne, Tennessee General Obligation Public Improvement Refunding Bonds, Series 2006	Underwriter
02/01/06	\$3,615,000	La Vergne, Tennessee Water and Sewer Revenue and Tax Refunding Bonds, Series 2006	Underwriter
12/15/05	\$1,515,000	Overton County, Tennessee General Obligation Public Improvement Capital Outlay Notes, Series 2005	Financial Advisor
12/01/05	\$3,230,000	Kingsport, Tennessee General Obligation Bonds, Series 2005	Financial Advisor
12/01/05	\$4,970,000	Kingsport, Tennessee Water and Sewer System Revenue and Tax Bonds, Series 2005	Financial Advisor
12/01/05	\$40,000,000	Montgomery County, Tennessee General Obligation School and Public Improvement Bonds, Series 2005	Financial Advisor
12/01/05	\$4,035,000	Rutherford County, Tennessee County District School Bonds, Series 2005	Financial Advisor
11/01/05	\$5,000,000	Smyrna, Tennessee General Obligation Bonds, Series 2005	Financial Advisor
11/01/05	\$9,880,000	Tullahoma, Tennessee General Obligation Public Improvement and Refunding Bonds, Series 2005	Financial Advisor
09/01/05	\$14,000,000	Maury County, Tennessee General Obligation School Bonds, Series 2005	Financial Advisor
09/01/05	\$16,320,000	Sullivan County, Tennessee School Refunding Bonds, Series 2005	Underwriter

Dated Date	Amount	Issuer and Description	Role
08/26/05	\$1,700,000	Gibson County School District, Tennessee School Bonds, Series 2005	Placement Agent
07/01/05	\$3,050,000	La Vergne, Tennessee General Obligation Public Improvement Bonds, Series 2005 (ULT)	Financial Advisor
07/01/05	\$10,300,000	La Vergne, Tennessee Water and Sewer Revenue and Tax Bonds, Series 2005 (ULT)	Financial Advisor
07/01/05	\$2,560,000	Marion County, Tennessee County District School Refunding Bonds, Series 2005	Financial Advisor
07/01/05	\$4,460,000	Marion County, Tennessee General Obligation Public Improvement Refunding Bonds, Series 2005	Financial Advisor
07/01/05	\$5,090,000	Overton County, Tennessee General Obligation Refunding Bonds, Series 2005	Financial Advisor
07/01/05	\$8,500,000	Pulaski, Tennessee Revenue and Tax Bonds, Series 2005	Financial Advisor
06/30/05	\$800,000	Henderson County, Tennessee General Obligation Capital Outlay Notes, Series 2005A (New Money)	Financial Advisor
06/30/05	\$855,000	Henderson County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2005B	Financial Advisor
06/30/05	\$765,000	Henderson County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2005C	Financial Advisor
6/1/2005	\$100,540,000	Tennessee State School Bond Authority Higher Education Facility Bonds, Series 2005	Co-Underwriter
6/1/2005	\$30,960,000	Tennessee State School Bond Authority Higher Education Facility Refunding Bonds, Series 2005	Co-Underwriter
06/01/05	\$9,355,000	Milan Special School District of Milan, Tennessee School Refunding Bonds, Series 2005	Financial Advisor
06/01/05	\$17,050,000	Robertson County, Tennessee General Obligation Bonds, Series 2005	Financial Advisor
06/01/05	\$6,000,000	Sullivan County, Tennessee General Obligation Bonds, Series 2005 (BQ)	Financial Advisor
06/01/05	\$1,995,000	Sullivan County, Tennessee Industrial (Business) Park Capital Outlay Notes (Taxable), Series 2005	Financial Advisor
06/01/05	\$6,535,000	West Carroll Special School District of Tennessee School Refunding Bonds, Series 2005 (BQ)	Financial Advisor
05/01/05	\$9,160,000	Dickson County, Tennessee General Obligation Refunding Bonds, Series 2005 (BQ)	Financial Advisor
04/08/05	\$3,070,000	Oneida, Tennessee General Obligation Refunding Bonds, Series 2005	Placement Agent
04/01/05	\$57,100,000	Wilson County, Tennessee General Obligation School Bonds, Series 2005	Financial Advisor
3/1/2005	\$128,370,000	Tennessee State School Bond Authority General Obligation Bonds, Series 2005	Co-Underwriter
03/01/05	\$15,000,000	Consolidated Utility District (The) of Rutherford County, Tennessee Waterworks Revenue Bonds, Series 2005	Financial Advisor
03/01/05	\$11,870,000	Maury County, Tennessee General Obligation Bonds, Series 2005	Financial Advisor
02/01/05	\$17,765,000	Rutherford County, Tennessee General Obligation School Refunding Bonds, Series 2005	Financial Advisor
01/01/05	\$12,800,000	Smith County, Tennessee General Obligation School Refunding Bonds, Series 2005	Underwriter
12/01/04	\$2,850,000	Kingsport, Tennessee General Obligation School Bonds, Series 2004 (Non-BQ)	Financial Advisor
12/01/04	\$7,900,000	Kingsport, Tennessee Water and Sewer System Revenue and Tax Bonds, Series 2004 (Non-BQ)	Financial Advisor
12/01/04	\$53,500,000	Rutherford County, Tennessee General Obligation Bonds, Series 2004	Financial Advisor
12/01/04	\$20,900,000	Williamson County, Tennessee General Obligation Bonds, Series 2004B	Financial Advisor

Dated Date	Amount	Issuer and Description	Role
12/01/04	\$15,110,000	Williamson County, Tennessee Hospital Revenue and Tax Bonds, Series 2004B	Financial Advisor
12/01/04	\$20,840,000	Williamson County, Tennessee Rural School Bonds, Series 2004B	Financial Advisor
12/01/04	\$2,125,000	Madison County, Tennessee General Obligation Refunding Bonds, Series 2004	Underwriter
12/01/04	\$23,620,000	Madison County, Tennessee General Obligation School and Public Improvement Bonds, Series 2004	Underwriter
11/15/04	\$40,470,000	Williamson County, Tennessee General Obligation Refunding Bonds, Series 2004	Underwriter
11/09/04	\$775,000	Watertown, Tennessee Water and Sewer Revenue and Tax Capital Outlay Notes, Series 2004 (BQ)	Financial Advisor
11/01/04	\$16,000,000	Maury County, Tennessee General Obligation School and Public Improvement Bonds, Series 2004	Financial Advisor
11/01/04	\$22,000,000	Montgomery County, Tennessee General Obligation School and Public Improvement Bonds, Series 2004	Financial Advisor
11/01/04	\$42,400,000	Rutherford County, Tennessee General Obligation Refunding Bonds, Series 2004	Financial Advisor
11/01/04	\$13,220,000	Sullivan County, Tennessee County District School Refunding Bonds, Series 2004	Underwriter
09/15/04	\$9,605,000	Cheatham County, Tennessee General Obligation Refunding Bonds, Series 2004 (ULT) (BQ)	Underwriter
09/15/04	\$19,700,000	Washington County, Tennessee School and Public Improvement Refunding Bonds, Series 2004	Underwriter
08/01/04	\$3,100,000	Giles County, Tennessee General Obligation Bonds, Series 2004	Financial Advisor
08/01/04	\$7,115,000	Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee Hospital Facility Lease Revenue and Tax Refunding Bonds, Series 2004	Underwriter
08/01/04	\$7,970,000	Putnam County, TN General Obligation School Refunding Bonds, Series 2004	Underwriter
06/24/04	\$355,000	Henderson County, Tennessee General Obligation Capital Outlay Notes, Series 2004D	Financial Advisor
06/01/04	\$11,830,000	Williamson County, Tennessee General Obligation Bonds, Series 2004A	Financial Advisor
06/01/04	\$15,110,000	Williamson County, Tennessee Hospital Revenue and Tax Bonds, Series 2004A	Financial Advisor
06/01/04	\$9,970,000	Williamson County, Tennessee Rural School Bonds, Series 2004A	Financial Advisor
05/26/04	\$750,000	Wilson County, Tennessee 2004 School Bus Purchase Capital Outlay Notes, Series 2004 (BQ) (ULT)	Financial Advisor
04/28/04	\$195,000	Henderson County, Tennessee Capital Outlay Notes, Series 2004A	Financial Advisor
04/28/04	\$70,000	Henderson County, Tennessee Capital Outlay Notes, Series 2004B	Financial Advisor
04/28/04	\$415,000	Henderson County, Tennessee Capital Outlay Notes, Series 2004C	Financial Advisor
04/01/04	\$15,395,000	Robertson County, Tennessee General Obligation School Bonds, Series 2004	Financial Advisor
04/01/04	\$11,500,000	Consolidated Utility District (The) of Rutherford County, Tennessee Waterworks Revenue Refunding Bonds, Series 2004	Underwriter
03/15/04	\$2,840,000	Henderson County, Tennessee High School Refunding Bonds, Series 2004	Underwriter
03/15/04	\$2,140,000	Henderson County, Tennessee Rural School Refunding Bonds, Series 2004	Underwriter
03/15/04	\$11,035,000	Kingsport, Tennessee General Obligation Refunding Bonds, Series 2004	Underwriter
03/15/04	\$1,925,000	Madison County, Tennessee General Obligation Refunding Bonds, Series 2004	Underwriter

Dated Date	Amount	Issuer and Description	Role
03/15/04	\$21,315,000	Madison County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2004	Underwriter
03/15/04	\$43,240,000	Montgomery County, Tennessee General Obligation Refunding Bonds, Series 2004	Underwriter
03/15/04	\$7,795,000	Overton County, Tennessee General Obligation School Refunding Bonds, Series 2004	Underwriter
03/01/04	\$16,600,000	Kingsport, Tennessee Water and Sewer System Revenue and Tax Refunding Bonds, Series 2004	Underwriter
03/01/04	\$21,420,000	Maury County, Tennessee General Obligation Refunding Bonds, Series 2004A	Underwriter
03/01/04	\$15,130,000	Maury County, Tennessee General Obligation Refunding Bonds, Series 2004B	Underwriter
03/01/04	\$5,585,000	Montgomery County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2004	Underwriter
02/01/04	\$3,850,000	Henderson County, Tennessee School Bonds, Series 2004	Financial Advisor
02/01/04	\$14,415,000	Robertson County, Tennessee General Obligation Bonds, Series 2004	Underwriter
02/01/04	\$6,360,000	Williamson County, Tennessee General Obligation Refunding Bonds, Series 2004	Underwriter
02/01/04	\$11,750,000	Williamson County, Tennessee Rural School Refunding Bonds, Series 2004	Underwriter
12/09/03	\$100,000,000	Memphis, Tennessee Electric System Subordinate Revenue Bonds, Series 2003B (Auction Rate Securities)	Financial Advisor
12/01/03	\$4,100,000	Industrial Development Board of the Town of Smyrna, Tennessee Lease Revenue Bonds (Town of Smyrna Revenue and Tax Project), Series 2003 (BQ) (Non-AMT)	Financial Advisor
12/01/03	\$7,900,000	Kingsport, Tennessee General Obligation Bonds, Series 2003 (Non-BQ)	Financial Advisor
12/01/03	\$5,900,000	Kingsport, Tennessee Water and Sewer System Revenue and Tax Bonds, Series 2003 (Non-BQ)	Financial Advisor
12/01/03	\$4,450,000	Williamson County, Tennessee General Obligation School Bonds (BQ), Series 2003	Financial Advisor
12/01/03	\$1,365,000	Williamson County, Tennessee Rural School Bonds, Series 2003 (BQ)	Financial Advisor
12/01/03	\$3,330,000	Sullivan County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2003 (ULT) (BQ)	Underwriter
11/01/03	\$1,292,170,000	Memphis, Tennessee Electric System Subordinate Revenue Bonds, Series 2003A	Financial Advisor
11/01/03	\$25,000,000	Rutherford County, Tennessee General Obligation School and Public Improvement Bonds, Series 2003A	Financial Advisor
10/01/03	\$625,000	Henderson County, Tennessee General Obligation Capital Outlay Notes, Series 2003	Financial Advisor
08/01/03	\$5,000,000	Sullivan County, Tennessee Airport Revenue and Tax Bonds (Taxable), Series 2003	Financial Advisor
07/01/03	\$4,750,000	Smyrna, Tennessee Water and Sewer Revenue and Tax Refunding and Improvement Bonds, Series 2003A (ULT) (BQ)	Financial Advisor
07/01/03	\$5,540,000	Sullivan County, Tennessee Airport Revenue and Tax Refunding Bonds, Series 2003 (ULT) (AMT)	Financial Advisor
07/01/03	\$19,000,000	Wilson County, Tennessee General Obligation Public Improvement Bonds, Series 2003 (ULT)	Financial Advisor
06/27/03	\$262,857	Watertown, Tennessee Refunding Capital Outlay Notes, Series 2003	Financial Advisor
06/27/03	\$30,000	Watertown, Tennessee Water and Sewer Revenue and Tax Capital Outlay Notes, Series 2003	Financial Advisor
06/27/03	\$14,776,557	Lincoln County, Tennessee Health Care Revenue Anticipation Notes, Series 2003	Placement Agent
06/20/03	\$2,000,000	Madison County, Tennessee General Obligation Capital Outlay Notes, Series 2003A	Financial Advisor

Dated Date	Amount	Issuer and Description	Role
06/01/03	\$2,165,000	Marion County, Tennessee County District School Bonds, Series 2003 (ULT) (BQ)	Financial Advisor
06/01/03	\$25,000,000	Montgomery County, Tennessee General Obligation Public Improvement Bonds, Series 2003 (ULT)	Financial Advisor
06/01/03	\$9,840,000	Lauderdale County, Tennessee General Obligation School Refunding Bonds, Series 2003 (ULT) (BQ)	Underwriter
06/01/03	\$81,640,000	Montgomery County, Tennessee General Obligation Refunding Bonds, Series 2003 (ULT)	Underwriter
05/01/03	\$9,835,000	Lauderdale County, Tennessee General Obligation School Bonds, Series 2003 (ULT) (BQ)	Financial Advisor
05/01/03	\$10,000,000	Madison County, Tennessee General Obligation School and Public Improvement Bonds, Series 2003 (ULT) (Non-BQ)	Financial Advisor
05/01/03	\$7,000,000	Wilson County, Tennessee County School District Bonds, Series 2003	Financial Advisor
05/01/03	\$750,000	Wilson County, Tennessee General Obligation Capital Outlay Notes, Series 2003	Financial Advisor
05/01/03	\$4,000,000	Kingsport, Tennessee General Obligation Capital Outlay Notes, Series 2003	Placement Agent
04/01/03	\$30,115,000	Rutherford County, Tennessee General Obligation School and Public Improvement Bonds, Series 2003 (ULT)	Financial Advisor
04/01/03	\$2,455,000	Madison County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2003	Underwriter
04/01/03	\$2,990,000	Robertson County, Tennessee General Obligation Capital Outlay Notes, Series 2003	Underwriter
04/01/03	\$12,990,000	Robertson County, Tennessee General Obligation Refunding Bonds, Series 2003	Underwriter
03/01/03	\$19,320,000	Dickson County, Tennessee General Obligation Refunding Bonds, Series 2003	Underwriter
02/01/03	\$3,125,000	Williamson County, Tennessee General Obligation Refunding Bonds, Series 2003	Underwriter
02/01/03	\$10,205,000	Williamson County, Tennessee Rural School Refunding Bonds, Series 2003	Underwriter
02/01/03	\$8,010,000	Wilson County, Tennessee General Obligation Refunding Bonds, Series 2003 (Non-BQ)	Underwriter
12/19/02	\$640,000	Henderson County, Tennessee General Obligation School Capital Outlay Notes, Series 2002B	Financial Advisor
12/01/02	\$8,000,000	Kingsport, Tennessee Water and Sewer System Revenue and Tax Bonds, Series 2002	Financial Advisor
12/01/02	\$26,330,000	Williamson County, Tennessee General Obligation Public Improvement Bonds, Series 2002	Financial Advisor
12/01/02	\$9,525,000	Williamson County, Tennessee Rural School Bonds, Series 2002	Financial Advisor
12/01/02	\$30,105,000	Putnam County, Tennessee School Refunding Bonds, Series 2002	Underwriter
11/02/02	\$2,590,000	Lincoln County, Tennessee Water Revenue and Tax Refunding Bonds, Series 2002	Underwriter
10/01/02	\$4,465,000	Sullivan County, Tennessee General Obligation Public Improvement Bonds, Series 2002	Financial Advisor
09/01/02	\$12,500,000	Kingsport, Tennessee General Obligation Refunding Bonds, Series 2002A	Underwriter
08/01/02	\$41,625,000	Memphis, Tennessee Electric System Revenue Refunding Bonds, Series 2002	Financial Advisor
08/01/02	\$37,205,000	Dickson County, Tennessee General Obligation Refunding Bonds, Series 2002	Underwriter
08/01/02	\$3,165,000	Wilson County, Tennessee Rural School Refunding Bonds, Series 2002	Underwriter
08/01/02	\$16,220,000	Wilson County, Tennessee School Refunding Bonds, Series 2002	Underwriter

Dated Date	Amount	Issuer and Description	Role
07/01/02	\$30,025,000	Williamson County, Tennessee General Obligation Public Improvement Refunding Bonds, Series 2002	Underwriter
07/01/02	\$11,745,000	Williamson County, Tennessee Rural School Refunding Bonds, Series 2002	Underwriter
06/01/02	\$25,900,000	Madison County General Obligation School and Public Improvement Bonds, Series 2002	Financial Advisor
06/01/02	\$23,610,000	Rutherford County, Tennessee General Obligation School and Public Improvement Bonds, Series 2002	Financial Advisor
06/01/02	\$3,790,000	Tulahoma, Tennessee Water and Sewer Revenue and Tax Refunding Bonds, Series 2002	Underwriter
05/30/02	\$83,000,000	Knox County, Tennessee General Obligation Refunding Bonds, Series 2002A	Financial Advisor
05/15/02	\$7,585,000	Knox County, Tennessee General Obligation Refunding Bonds, Series 2002	Financial Advisor
05/01/02	\$6,265,000	Tullahoma, Tennessee General Obligation School Refunding Bonds, Series 2002	Underwriter
05/01/02	\$23,000,000	Water Authority of Dickson County, Tennessee Waterworks System Revenue Bonds, Series 2002	Underwriter
05/01/02	\$7,585,000	Wilson County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2002A	Underwriter
05/01/02	\$1,155,000	Wilson County, TN General Obligation Capital Outlay Notes, Series 2002B	Underwriter
04/01/02	\$2,710,000	Crockett County, Tennessee General Obligation Refunding Bonds, Series 2002	Financial Advisor
04/01/02	\$5,085,000	Crockett County, Tennessee School Bonds, Series 2002	Financial Advisor
04/01/02	\$9,585,000	Kingsport, Tennessee General Obligation Refunding Bonds, Series 2002	Financial Advisor
03/21/02	\$355,000	Henderson County, Tennessee General Obligation School Capital Outlay Notes, Series 2002	Financial Advisor
03/01/02	\$5,400,000	Smith County, Tennessee School Bonds, Series 2002 (ULT)	Financial Advisor
02/01/02	\$3,680,000	Washington County, Tennessee General Obligation Refunding Bonds, Series 2002 (ULT)	Underwriter
02/01/02	\$8,880,000	Washington County, Tennessee General Obligation Refunding Capital Outlay Notes, Series 2002 (ULT)	Underwriter
12/01/01	\$3,080,000	Bristol, Tennessee General Obligation Refunding Bonds, Series 2001	Financial Advisor
12/01/01	\$6,360,000	Bristol, Tennessee Water and Sewer System Revenue Tax Refunding Bonds, Series 2001A	Financial Advisor
12/01/01	\$80,000,000	Knox County, Tennessee General Obligation Public Improvement Bonds, Series 2001	Financial Advisor
12/01/01	\$68,725,000	Montgomery County, Tennessee General Obligation Public Improvement and Refunding Bonds, Series 2001	Financial Advisor
12/01/01	\$8,750,000	Tullahoma, Tennessee General Obligation Public Improvement Bonds, Series 2001	Financial Advisor
12/01/01	\$15,680,000	Gautier Utility District Combined Utility System Revenue Refunding Bonds, Series 2001	Underwriter
12/01/01	\$16,500,000	Norton, Virginia Industrial Development Authority Hospital Refunding and Improvement Revenue Bonds (Norton Community Hospital) Series 2001	Underwriter
11/01/01	\$7,550,000	Kingsport, Tennessee General Obligation Bonds, Series 2001	Financial Advisor
11/01/01	\$54,660,000	Williamson County, Tennessee General Obligation Public Improvement Bonds, Series 2001	Financial Advisor
11/01/01	\$3,720,000	Williamson County, Tennessee Rural School Bonds, Series 2001	Financial Advisor
10/01/01	\$300,000	Henderson County, Tennessee General Obligation Highway Equipment Bonds, Series 2001	Financial Advisor

Dated Date	Amount	Issuer and Description	Role
10/01/01	\$1,680,000	Kenton, Tennessee General Obligation Public Improvement Bonds, Series 2001	Financial Advisor
10/01/01	\$30,610,000	Rutherford County, Tennessee General Obligation School and Public Improvement Bonds, Series 2001	Financial Advisor
10/01/01	\$8,150,000	Henderson County, Tennessee High School Refunding Bonds, Series 2001	Underwriter
10/01/01	\$9,500,000	Milan Special School District of Milan, Tennessee Construction Bonds, Series 2001	Underwriter
09/01/01	\$1,215,000	Henderson County, Tennessee General Obligation School Bonds, Series 2001	Financial Advisor
09/01/01	\$6,350,000	Gibson County, Tennessee School Refunding Bonds, Series 2001	Underwriter
09/01/01	\$8,715,000	Unicoi County, Tennessee General Obligation Refunding Bonds, Series 2001	Underwriter
08/01/01	\$18,135,000	Memphis, Tennessee Water Division Revenue Refunding Bonds, Series 2001	Financial Advisor
08/01/01	\$5,150,000	Rhea County, Tennessee County District School Bonds, Series 2001	Financial Advisor
08/01/01	\$6,980,000	Rhea County, Tennessee School Bonds, Series 2001	Financial Advisor
08/01/01	\$14,765,000	Lincoln County, Tennessee General Obligation School Refunding Bonds, Series 2001	Underwriter
08/01/01	\$15,385,000	Marion County, Tennessee Rural School Refunding Bonds, Series 2001	Underwriter
08/01/01	\$35,280,000	Putnam County, Tennessee General Obligation School Refunding Bonds, Series 2001	Underwriter
07/01/01	\$9,850,000	Crockett County, Tennessee School Bonds, Series 2001	Financial Advisor
07/01/01	\$13,225,000	Dickson County, Tennessee General Obligation Public Improvement and School Bonds, Series 2001	Financial Advisor
07/01/01	\$3,250,000	Marion County, Tennessee Rural School Bonds, Series 2001	Financial Advisor
06/28/01	\$15,000,000	Water Authority of Dickson County, Tennessee Bond Anticipation Notes, Series 2001	Placement Agent
05/01/01	\$4,060,000	Lincoln County, Tennessee General Obligation Refunding and Public Improvement Bonds, Series 2001	Financial Advisor
05/01/01	\$24,200,000	Sullivan County, Tennessee County District School Bonds, Series 2001	Financial Advisor
05/01/01	\$2,795,000	Wilson County, Tennessee General Obligation Capital Outlay Notes, Series 2001A	Financial Advisor
03/01/01	\$73,585,000	Rutherford County, Tennessee General Obligation Public Improvement Refunding Bonds, Series 2001	Financial Advisor
03/01/01	\$30,850,000	Rutherford County, Tennessee General Obligation School Bonds, Series 2001	Financial Advisor
03/01/01	\$2,225,000	Bristol, Tennessee Water and Sewer System Revenue and Tax Refunding Bonds, Series 2001	Underwriter
02/01/01	\$30,855,000	Williamson County, Tennessee General Obligation Refunding Bonds, Series 2001	Underwriter
02/01/01	\$15,660,000	Williamson County, Tennessee Rural School Bonds, Series 2001	Underwriter
12/27/00	\$610,000	Wilson County, Tennessee School Roofing Program Capital Outlay Notes, Series 2000	Financial Advisor
12/01/00	\$8,500,000	Smith County, Tennessee School Bonds, Series 2000	Financial Advisor
12/01/00	\$9,000,000	Smith County, Tennessee School Bonds, Series 2001 (Part 2)	Financial Advisor
11/01/00	\$2,265,000	Kingsport, Tennessee General Obligation Bonds, Series 2000	Financial Advisor
11/01/00	\$9,500,000	Montgomery County, Tennessee General Obligation Capital Outlay Notes, Series 2000	Financial Advisor
10/01/00	\$20,000,000	Madison County, Tennessee General Obligation Capital Outlay Notes, Series 2000 and Series 2001	Financial Advisor

Dated Date	Amount	Issuer and Description	Role
08/09/00	\$475,000	Henderson County, Tennessee General Obligation Capital Outlay Notes, Series 2000	Financial Advisor
08/09/00	\$655,000	Henderson County, Tennessee General Obligation Capital Outlay Notes, Series 2000A	Financial Advisor
08/01/00	\$16,900,000	Dickson County, Tennessee General Obligation Public Improvement and School Bonds, Series 2000	Underwriter
	\$5,427,763,104	Total Par Amount	
	293	Total Number of Transactions	

CLIENT REFERENCE LIST

Issuer	Contact	Title	Address	Phone
Claiborne County	Mike Tuten	Director of Finance	1740 Main Street Tazewell, TN 37879	(423) 626-6006
Columbia, City of	William E. Gentner Paul Boyer Patti Baltzer	Mayor City Manager Finance Director	707 North Main Street Columbia, TN 38401	(931) 560-1505 (931) 560-1510 (931) 560-1575
Consolidated Utility District of Rutherford County	Larry McElroy E. Paul Long, CPA	General Manager Comptroller	P.O. Box 249 Murfreesboro, TN 37133	(615) 893-7275 (615) 225-3304
Dickson County	Don Hall	Director of Accounts & Budgets	P.O. Box 246 Charlotte, TN 37036	(615) 789-7001
Dyer County	Nancy Broadstone	Finance Director	P.O. Box 1360 Dyersburg, TN 38024	(731) 288-7891
Franklin County	Andrea Smith Richard Stewart	Finance Director County Mayor	1 South Jefferson Street Winchester, TN 37398	(931) 967-1279 (931) 967-2905
Gibson Special School District	Robert Galloway Jim Acree	Director of Schools Director of Finance	P.O. Box D Dyer, TN 38330	(731) 692-3803 (731) 692-3803
Hallsdale-Powell Utility District of Knox County	Marvin Hammond Darren Cardwell James Smith	President Emeritus President & CEO Chief Financial Officer	3747 Cunningham Road Knoxville, TN 37928	(865) 922-7547 (865) 922-7547 (865) 925-3918
Henderson County	Dennis R. McDaniel Ann Grant	County Mayor Finance Director	17 Monroe Avenue, Suite 4 80D South Broad Street Lexington, TN 38351	(731) 968-0122 (731) 968-5550
La Vergne, City of	Ronnie Erwin Phillis Rogers	Mayor Finance Director	5093 Murfreesboro Road La Vergne, TN 37086	(615) 793-6295 (615) 287-8629
Lincoln County	Peggy G. Bevels Cole Bradford	County Executive Director of Finance	112 Main Avenue South Fayetteville, TN 37334	(931) 438-1565 (931) 438-1565
Madison County	Mike Nichols	Director of Accounts & Budgets	100 East Main Street Jackson, TN 38301	(731) 660-6221 x9
Marion County	Howell Moss	County Mayor	P.O. Box 789 Jasper, TN 37347	(423) 942-2552
Maury County	Mayor James Bailey, Jr. James A. "Jim" Bracken James W. "Buddy" Harlan, Jr.	County Mayor Director of Accounts/Budgets Purchasing Agent	Maury County Courthouse Columbia, TN 38401	(931) 375-1000 (931) 375-2300 (931) 375-2310
McKenzie Special School District	Stan George	Director of Finance	114 Bell Avenue McKenzie, TN 38201	(731) 352-2246
Memphis Light, Gas & Water	Dana Jeanes	Budget, Plant and Rate	City of Memphis 220 South Main Street Memphis, TN 38101	(901) 528-4949
Milan Special School District	Dr. Mary Reel Lisa Bradford	Director of Schools Finance Director	1165 South Main Street Milan, TN 38358	(731) 686-0844 x7 (731) 686-0844 x12
Montgomery County	Carolyn Bowers Erinne J. Hester	County Mayor Director of Finance	P.O. Box 368 Clarksville, TN 37041	(931) 648-5787 (931) 648-5705
(Montgomery County) Association of Tennessee Valley Governments (ATVG)	Doug Weiland	Director - Former Mayor of Montgomery County	1953 Norwood Trail Clarksville, TN 37043	(931) 624-0307
Mt. Juliet, City of	John Rossmaier	Finance Director	P. O. Box 256 Mt. Juliet, TN 37121	(615) 754-2552 x255
Oneida, Town of	Betty Matthews	City Recorder	P.O. Box 4237 Oneida, TN 37841	(423) 589-4295

Issuer	Contact	Title	Address	Phone
Overton County	Debbie Maberry	Director of Accounts & Budgets	317 East University Street Livingston, TN 38570	(931) 823-5638
Paris Special School District	Amanda "Mandy" Hudgens	Business Manager	1219 Highway 641 South Paris, TN 38242	(731) 642-9322 x4
Pulaski, City of	Ronald Holcomb Tammy Bub	General Manager	Pulaski Electric System P.O. Box 368 Pulaski, TN 38478	(931) 363-7040 (931) 363-2522
Putnam County	Kimberly Blaylock Debby Francis	County Executive Chief Accountant	300 East Spring Street Cookeville, TN 38501	(931) 526-2161
Rhea County	Mayor Billy Ray Patton	County Mayor	375 Church Street, Suite 215 Dayton, TN 37321	(423) 775-7801
Robertson County	Mayor Howard Bradley Larry Morris	County Mayor Director of Finance	501 Main Street, Room 108 523 South Brown Street Springfield, TN 37172	(615) 384-2476 (615) 384-0202
Rutherford County	Mayor Ernest Burgess Lisa Nolen	County Mayor Finance Director	Rutherford County Courthouse Murfreesboro, TN 37130	(615) 898-7745 (615) 898-7795
Smyrna, Town of	Mark Tucker	Director of Accounts & Budgets	315 South Lowry Smyrna, TN 37167	(615) 459-2553
Spring Hill, City of	Jim Smith	Finance Director	P. O. Box 789 Spring Hill, TN 37174	(931) 486-2252 x245
Sullivan County	Larry Bailey	Finance Director	3411 Highway 126 Blountville, TN 37617	(423) 323-6409
Tullahoma, City of	Sue Wilson	Finance Director	201 West Grundy Street Tullahoma, TN 37388	(931) 455-2648
Unicoi County	Greg Lynch	Mayor	P.O. Box 169 Erwin, TN 37650	(423) 743-9391
Watertown, City of	Mike Jennings	Superintendent Secretary, Board of Education	8630 Sparta Pike Watertown, TN 37184	(615) 237-3326
West Carroll Special School District	Eric Williams	Director of Accounts	P.O. Box 279 Trezevant, TN 38258	(731) 669-5005 x3
Williamson County	Mayor Rogers Anderson David Coleman	County Mayor Director of Accounts	1320 W Main Franklin, TN 37064	(615) 790-5700 (615) 790-5703
Wilson County	Robert Dedman Ron Gilbert	County Mayor Director of Finance	228 East Main Lebanon, TN 37087	(615) 444-1383 (615) 443-2634

ASSISTED RATING UPGRADES IN TENNESSEE

We feel strongly that an experienced financial advisor can make a difference in the credit rating process. Over the past few years, we have assisted numerous issuers in getting credit rating upgrades including the following:

- ◆ **Consolidated Utility District of Rutherford County, Tennessee**
 - Upgraded from Moody's A1 to a Standard & Poor's AAA
- ◆ **Dyer County, Tennessee**
 - Upgraded from Moody's A2 to a Standard & Poor's A+
- ◆ **Madison County, Tennessee**
 - Upgraded from A1 to Aa3 by Moody's Investors Service
 - Upgraded from A to A1 by Moody's Investors Service
 - Highlighted County's position as the economic center of a seventeen county area
- ◆ **Marion County, Tennessee**
 - Upgraded from Baa1 to A3 by Moody's Investors Service
 - Focused on growth of economic base and proximity of Chattanooga
- ◆ **Martin, Tennessee**
 - Initial A2 Rating by Moody's Investors Service
 - Focused on location and local economy
- ◆ **Memphis, Tennessee (Water Division)**
 - Upgraded from Aa1 to Aaa by Moody's Investors Service
 - Only water system in the United States to have Aaa/AAA rating
- ◆ **Montgomery County, Tennessee**
 - Upgraded from A1 to Aa3 by Moody's Investors Service
 - Upgraded from A2 to A1 by Moody's Investors Service
 - Overcame concerns about the importance of Fort Campbell
- ◆ **Putnam County, Tennessee**
 - Upgraded from A2 to A1 by Moody's Investors Service
 - Upgraded from A3 to A2 by Moody's Investors Service
 - Focused on geographic significance and growing economic base

◆ **Rutherford County, Tennessee**

- Upgraded from Aa3 to Aa2 by Moody's Investors Service
- Upgraded from AA to AA+ by Standard & Poor's Rating Group
- Focused on economic diversity and growth

◆ **Sullivan County, Tennessee**

- Upgraded from A1 to Aa3 by Moody's Investors Service
- Sullivan County had a Moody's Investors Service credit rating of A1 from 1946 until December of 1998
- Highlighted substantial reserves

◆ **Tullahoma, Tennessee**

- Upgraded from A to A1 by Moody's Investors Service
- Heighted recognition of the City's economic base

◆ **Williamson County, Tennessee**

- Upgraded from Aa1 to Aaa by Moody's Investors Service

◆ **Wilson County, Tennessee**

- Upgraded from A1 to Aa3 by Moody's Investors Service
- Highlighted economic base, location, economic expansion

TENNESSEE PUBLIC FINANCE STAFF

THOMAS (Tom) D. MCANULTY

Senior Vice President and Manager

Tom McAnulty joined the Public Finance Department of Stephens Inc. July of 2000 after PaineWebber Inc. Group purchased J.C. Bradford & Co. Prior to joining Stephens Inc. Tom was an Investment Limited Partner at J.C. Bradford & Co.'s Public Finance Department for seven years. Additionally, he has over 19 years in city, county and state finance experience with the University of Tennessee as a senior financial consultant to local governments in Tennessee. Other on-the-job experience includes financial management of a large school system and various areas at a large bank in Tennessee including municipal financing. The experience he obtained in these various positions includes capital improvements financing, educational funding at the local and state level, including both operations and capital expenditures, investments and cash management, budgeting, accounting, payroll, insurance management, and all other areas relating to the financial operations of local governments. He has assisted many local governments in the evaluation of various alternatives to long-term financing of school buildings, public utility projects, jails, roads and bridges, industrial parks, equipment, and general government. He has extensive experience with funding public education including the new State of Tennessee funding system (Basic Education Program). From this experience, he understands the needs of local governments and the concerns of public officials for services and funding of those services.

Tom is responsible for providing investment-banking services -- financial advisory services -- to governmental entities throughout the State of Tennessee.

He is a graduate of the University of Tennessee and holds a Master of Science degree from Austin Peay State University. Tom holds a Series 52 Municipal Securities Representative License and a Series 63 Uniform State Law Securities Agent License.

SAMUEL E. CREWSE

Senior Vice President

Mr. Crewse joined the Public Finance Department of Stephens in July of 2000 to open the Nashville, Tennessee Public Finance office. He has broad experience as both a financial advisor and underwriter to cities, counties, utility systems, school districts, airports and universities. During the twelve years prior to joining Stephens, he was involved in over \$4 billion in new tax-exempt bond issues. He is a graduate of Vanderbilt University where he was awarded high honors in the field of economics. He also holds a Masters of Public Administration degree from Harvard University. He has a Series 53 Municipal Securities Principal License and a Series 63 Uniform State Law Securities Agent License.

LAWRENCE G. BROWN

Senior Vice President

Larry. Brown joined Stephens, Inc. in December 2007. Mr. Brown's professional experience includes over 34 years in investment banking with Third National Bank and SunTrust Banks, Inc. During his career, he has served numerous city and county governments, utility systems, private schools, colleges, universities and other not-for-profit organizations. Mr. Brown is a cum laude graduate of Vanderbilt University with a degree in Economics. He is also a graduate of the Stonier Graduate School of Banking at Rutgers with a thesis on the use of interest rate futures in bank asset/liability management. Mr. Brown has also completed studies at Middle Tennessee State University in Governmental and Not-For-Profit Accounting. Since 1986, Mr. Brown has been engaged in helping his clients fund major capital projects by originating new debt securities issues for sale in the public capital markets. Earlier in

his career, Mr. Brown undertook various assignments including Manager of Municipal Trading and Underwriting, Manager of U. S. Government and Agency Trading, Manager of the Funds Management Desk, Sales Manager, and Manager of Tennessee Public Finance. Mr. Brown has served as a member of the faculty of the Tennessee School of Banking sponsored by the Tennessee Bankers Association; and is a past president of the Tennessee Municipal Association, a statewide organization of municipal securities dealers and underwriting firms. He has a Series 53 Municipal Securities Principal License; a Series 63 Uniform State Law Securities Agent License; a Series 73 Government Securities Principal License; a Series 7 General Securities Representative License and a Series 24 General Securities Principal License.

ASHLEY C. McANULTY

Banker

Ashley McAnulty joined Stephens in 2002 in the firm's Nashville, Tennessee office. Ashley has over 15 years experience in banking and business development where he previously served in the corporate lending divisions of Bank of America and SunTrust Bank in Nashville. He handled debt financing and financial analysis of a wide range of tax-exempt and taxable entities in Tennessee. Prior to joining Stephens, he served as Senior Director of Development at Belmont University. He graduated from Belmont as a Massey Scholar, with a Bachelor of Business Administration Degree and a Master of Accountancy degree. Ashley holds a Series 66 Uniform State Law Combined Registered Investment Advisor and a Series 7 General Securities Representative License.

SUSAN G. FREEZE

Associate

Susan Freeze joined Stephens Inc. in June 2008. Ms. Freeze has over 22 years of experience in the public finance field at SunTrust Banks, Inc. and J.C. Bradford. During the years she has worked with the preparation of Official Statements, extensive financial analysis for governmental entities, detailed refunding analysis, and presentations to the rating agencies and bond insurers. Ms. Freeze has experience in the areas of structured and project financing in the areas of governments, public utilities, industrial bonds, and secondary and higher education. She managed SunTrust Bank's Direct Finance Program that consisted of loans to cities, counties and utilities throughout Tennessee totaling over \$70 million to over 60 borrowers. Ms. Freeze is a Registered Municipal Securities Representative. She holds a bachelors degree from Middle Tennessee State University with a major in Business Finance and a minor in Business Administration and has completed post-graduate studies in Accounting for Governmental and Not for Profit Organizations. Ms. Freeze is the Past President of the Tennessee Affiliate of The Foundation Fighting Blindness. She also worked with the Tennessee Business Leadership Network – a network of employers interested in learning and developing best practices in hiring people with disabilities.