



## NEWS RELEASE

### **Mike Browning**

PUBLIC INFORMATION OFFICER

Twitter: @cityofmborotn

Facebook: [www.facebook.com/cityofmurfreesborotn](http://www.facebook.com/cityofmurfreesborotn)

PHONE: 615-848-3245/642-3230 mobile

EMAIL: [mbrowning@murfreesborotn.gov](mailto:mbrowning@murfreesborotn.gov)

Website: [www.murfreesborotn.gov](http://www.murfreesborotn.gov)

---

**FOR IMMEDIATE RELEASE:** March 21, 2018

### **City Receives Successful General Obligation Debt Bids from Ten Firms**

*Growing Tax Base, Well-Managed Financial Position Generates Favorable Bond Sale*

**MURFREESBORO, Tenn.** — The City of Murfreesboro generated successful bidding on a bond sale March 20, 2018, for \$71 million in General Obligation Bonds, Series 2018. The City awarded the General Obligation Debt to Morgan Stanley & Co., LLC.

The following bids were submitted and are ranked by lowest True Interest Cost (TIC).

<u>Bidder Name</u>	<u>TIC</u>
Morgan Stanley & Co., LLC	2.778745
FTN Financial Capital Markets	2.795599
Bank of America/Merrill Lynch	2.814001
Citigroup Global Markets Inc.	2.820150
RBC Capital Markets	2.825976
UBS Financial Services Inc.	2.843899
Mesirow Financial, Inc.	2.849940
Hutchinson, Shockey, Erley & Co.	2.872741
Wells Fargo Bank, National Association	2.879007
J. P. Morgan Securities LLC	2.915795

The City Council approved an agreement with Cumberland Securities to serve as the City's Financial Advisor for the bond issue. The Murfreesboro City Council reviewed and approved a revised \$70 million 2018 Capital Improvement Plan (CIP) on January 25, 2018 that served as the trigger for the bond issuance.

Public Safety was the largest component of the 2018 CIP, which includes \$11.7 million for the final leg of the current **Communications System** upgrade, \$6.2 million to complete the new **Police Headquarters** on Highland Ave., \$4.2 million to complete the relocation of **Fire Station 4** from Jones Boulevard to Medical Center Parkway, \$2.7 million for construction of the new **Fire Station 11** at Blaze Drive and Fortress Boulevard and \$2.2 million for new Police vehicles.

Other significant 2018 CIP projects include:

- \$4.35 million for a new Airport Terminal.
- \$12.245 million in new **road construction**, including \$3.2 million for **Lytle Street** Phase Two; \$3 million for **Rucker Lane** Reconstruction; \$2 million for Jones Boulevard improvements; and \$1.2 million for **Thompson Lane**.
- \$6.1 million for the completion of the City's first **energy improvement program** on its buildings.
- \$12.58 million for other **Parks & Recreation facilities**, including \$5.0 million to begin development of a new **West Park** at Veterans Parkway and Burnt Knob Rd.; \$2.65 million for **Jordan Farm Soccer Complex**; and \$1.33 million for **Franklin Road Park**.

Murfreesboro is one of the few, if only, cities in the state that manages debt levels with a series of financial ratios approved in policy by City Council.

As of June 30, 2017, the City's general long-term debt was \$234.0 million with approximately 73 percent on a fixed rate and 27 percent on a variable rate debt. The City Charter established a debt limit of 15 percent of the previous year's assessed valuation of all property in the city.

According to estimates, the City's total debt ratio peaks at 8.8 percent of assessed valuation in projected year 2019, well under the City Charter limitation of 15 percent.

Moody's Investors Service and Standard and Poor's assigned the "Aa1" rating and "AA" respectively, to this issue. Moody's cited the benefits from a large and rapidly growing tax base located within the Nashville MSA, as well as a solid financial position, marked by strong reserve and liquidity levels. While the city's debt burden is above-average, due to the expanding nature of the tax base, debt levels will remain manageable over the medium term. Moody's continues by describing the tax base as expanding at a rapid pace given its favorable location within the Nashville MSA, the institutional presence of Middle Tennessee State University providing tax base stability and a solid financial position as a result of strong management and prudent fiscal policies.

Standard and Poor's rating reflect:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA) and a local stabilizing institutional influence;
- Strong management, with good financial policies and practices methodology;
- Strong budgetary performance, with operating results that we expect could improve in the near term
- Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 44% of operating expenditures;

- Very strong liquidity, with total government available cash at 101.7% of total governmental fund expenditures
- Very strong institutional framework score.

“The ratings independently speak to the strong financial position of the City,” said Mayor Shane McFarland. “There are 18 possible ratings and the City is at the 17<sup>th</sup> highest level. We believe this rating can result in lower interest costs on the City’s bond issue.”

“City Council adopted a set of financial policies that guides budgetary and debt decisions. The City Manager’s Office and Finance Department manage the City’s finances within these guidelines. The combination of strong policy leadership, along with an excellent staff team has helped put the City in position for the ratings upgrade.”

*For City News online, visit [www.Murfreesborotn.gov](http://www.Murfreesborotn.gov).*