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Bonds, Sale of

copy II

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TENNESSEE MUNICIPAL LEAGUE



THE OFFICIAL ORGANIZATION OF
MUNICIPAL GOVERNMENT AND POWER BOARDS

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Tennessee Municipal League

MEMBER AMERICAN MUNICIPAL ASSOCIATION

Nashville 3, Tennessee

610-11 Cotton States Bldg.

MARKETING MUNICIPAL BONDS

in

TENNESSEE

By HERBERT J. BINGHAM, Executive Secretary

...

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The University of Tennessee
Division of University Extension
MUNICIPAL TECHNICAL ADVISORY SERVICE
Knoxville

FOREWORD

Many city officials are now confronted for the first time with the task of planning and marketing a bond issue, a technical job and one in which mistakes can be relatively costly. No handbook can substitute for personal investigation of the bond market and consultation with investment houses and specialists. This report is designed to constitute an introduction and a guide for the personal investigation necessary to market a particular bond issue.

Investment houses throughout the State adhere to a tradition of full and generous cooperation with city officials. The personnel of Nashville investment firms generously supplied information and suggestions for this study. Differences of opinion among the investment specialists were found on a number of points. Although the author assumes responsibility for the contents of the report, an expression of appreciation is due the investment community of Nashville for furnishing details characterizing the Tennessee bond market. Mr. Albert S. Hill of the Nashville Securities Corporation supplied helpful information. The following read and criticized an advance copy of the study: Buford Wilson, Jack M. Bass and Company; Richard Crabtree, Equitable Securities Corporation; Robert Webster, Webster and Gibson Company; Porter Keith, Estes and Company; Einer Nielson, American National Bank; James Stamps, Commerce Union Bank; Charles Watterfield, Cumberland Securities Corporation. Other investment firms kindly responded to requests for information.

The author is indebted to the Municipal Finance Officers Association of the United States and Canada for the guidance in preparing this report furnished by its excellent publications on marketing bonds and for its permission to quote from these publications.

HERBERT J. BINGHAM

MARKETING MUNICIPAL BONDS IN TENNESSEE

INTRODUCTION. This bulletin attempts to present in a practical manner the points which must usually be considered in planning and marketing a Bond Issue. Practices and facilities characterizing the Tennessee Bond Market are discussed.

The issuance of bonds by cities and counties will be at an all-time high in Tennessee during the next two years. Heavy municipal borrowing is caused by the six-year war lag in construction and maintenance of public works, expansion of municipal boundaries and services due to rapid growth in urban population, excessively high prices of materials and labor, and the low current revenues of cities.

Local government borrowing authorized by the 75th General Assembly was summarized in the March issue of the "Local Public Works Planning News Letter" of the State Planning Commission. Local bond issues for public works totaled \$104,060,319. Public works bonds already issued amounting to \$1,926,500 were validated, and authorization given for issuance of \$538,000 of refunding and \$195,000 of funding bonds. A total of \$49,400,500 of bonds was authorized for municipalities for the following purposes: schools - \$8,685,000; streets - \$5,534,000; sewer improvements - \$3,905,000; water improvements - \$1,808,000; other public utilities - \$675,000; combined projects - \$4,952,500; miscellaneous improvements - \$19,825,000; airfields - \$2,090,000; hospitals - \$1,926,000. Many issues authorized by Private Acts of previous legislatures will be sold during the next two years, and many counties and cities will vote additional bonds under the authority of general Acts.

By far, the most important item for a municipality to consider in planning the issuance of bonds for corporate purposes is the ability of the municipality to pay the debt in a reasonable length of time from revenues available or to be available.

In contemplating the financing of a project, it is likewise important to determine which of two categories the financing should come under:

- (1) First, is borrowing for the construction or improvement of the utilities systems, such as waterworks, sewerage, light and power, or other projects which are expected to be self-sustaining. The amortization - payment of principal and interest over a period of years - should be anticipated out of revenues to be derived from such sources.
- (2) Borrowing for other types of projects, such as city halls, streets, libraries, schools, parks and playgrounds, should be financed by the levy of a tax on property within the community since, obviously, they are not self-sustaining.

Dependent upon the charter provisions of the municipality and the legal Act under which bonds are to be issued, the first step to be taken in the authorization of a bond issue is the adoption of an ordinance or resolution, which in its preamble sets out the purpose for which the bonds are about to be authorized and the authority under which they are being authorized; then

follows a schedule of the dates on which the bonds will be due, the form of bond, and the covenants as to the security pledge, either the levy of a tax or of revenues. In the case of the pledge of revenues, approving attorneys will require that the proceedings shall always covenant that revenues will be maintained at a sufficient level to pay for operating costs of the projects and principal and interest maturities and to create proper reserves.

PROCEEDINGS CONTRACT. Quite often municipal officials will have sufficient experience or local advice to plan and market an issue successfully. Investment houses in Tennessee are usually willing to provide general advice to local officials as a courtesy. However, officials may feel that expert assistance is required in planning and marketing an issue, particularly in the case of revenue and utility bonds. Many of the investment concerns listed on page 12 offer a proceedings service on a fee basis. The usual arrangement for proceedings service provides that the investment firm: (1) will advise officials in planning an issue; (2) arrange for attorneys to draft all resolutions necessary for enactment by the issuing body; (3) prepare and print a prospectus; (4) advertise sale; (5) arrange for a legal opinion from a recognized firm of bond attorneys; (6) make arrangements to print and prepare all bonds; (7) be present at the sale of bonds at auction or by sealed bids, and compute the best bid. Usually, the investment firm handling the proceedings is also permitted to submit a sealed bid for the bonds.

Since investment consulting is a professional service, proceedings contracts are ordinarily negotiated privately. A letter, however, to investment firms requesting formal estimates is in order.

Normally, a proceedings contract incorporating a guarantee of a minimum rate of interest on the issue is too costly for any benefits derived. Such a guarantee, far in advance of the date of sale, subjects an investment firm to the risk of market fluctuations which must be included in the fee charged the municipality. Proper preparation and advertisement of an issue will assure the lowest possible interest rate. A further protection is the usual reservation of the right to reject all bids if considered too low. Even when a bond issue is called for redemption or a large maturity falls due, and refunding bonds must be issued to meet the redemption or maturity, a guaranteed rate for the refunding bonds is advisable only when serious doubts exist concerning the market ability of the refunding issue.

The following quotation from a study of the Municipal Finance Officers Association on "MARKETING MUNICIPAL BONDS" states the usual preference of investors or several important points.

"CONVENTIONAL REQUIREMENTS. The largest buyers of municipal bonds are financial institutions and individuals who are exacting in their requirements. Therefore failure to comply with "the rules of the game" which find favor with investors, narrows the market and is reflected in the interest cost to the municipality. Some of the important requirements are noted below.

DATE. Bonds should be dated as near as possible to the delivery date. If the date is too early the amount of accrued interest is excessive. When the bonds are dated later than the delivery date they force the dealer

or purchaser to bid a higher rate as a hedge against changes in the market.

DENOMINATIONS. Bonds should usually be issued in denominations of \$1,000, except for odd amounts which should be retired the first year if possible. Odd denominations and small bonds are not readily salable.

INTEREST. Interest should be payable semi-annually. Some exceptions are made for special assessment bonds when the assessments are paid on an annual basis.

MATURITIES. If bonds are serials, each annual maturity should be in multiples of five thousand or ten thousand dollars. Dealers and investors want such blocks. So-called serial annuity bonds which have approximately equal annual payments for combined interest and principal serve little purpose and make an undesirable maturity schedule.

REGISTRATION. The bond owner should have the privilege of registering his bonds as to interest only, as to principal only, or as to both principal and interest provided the municipality has proper registration facilities. A reasonable charge should be made for the original registration and subsequent transfers. (Editor's note: Such a charge is looked on with disfavor by investors and is not usually made in Tennessee). Registration as to principal and interest, or as to interest only, requires that interest be paid directly to the bondholder by a municipal check or a bank draft.

When bonds are fully registered or registered as to interest only, the coupons are detached and destroyed. Only a few municipalities permit subsequent reconversion to coupon bonds because of the expense. Municipalities might extend reconversion privileges generally where bondholders are willing to pay all costs for printing and delivery."

Local government bonds issued in Tennessee usually do not provide for registration. The local accounting necessary for operating registration, however, is relatively simple, and should not be a hindrance.

LEGAL OPINION. It is essential that a bond issue be approved by an attorney whose opinion will satisfy the individual investors who will purchase the bonds from the investment firm initially purchasing the issue. Many local and all out-of-state investors will be satisfied only by the opinion of a nationally recognized attorney. On page 11 is a list of ten nationally recognized bond attorneys who provide approximately 95% of the approving opinions on local government bond issues in Tennessee. An attorney should be selected in time to draw all proceedings as they occur - resolutions, ordinances, notices of election or other actions. In any event, all proceedings should be submitted to an attorney for preliminary approval before sale in order to insure the successful bidder a final opinion without undue delay. A final opinion cannot be provided until the sale is complete. If an advance opinion is not secured the successful bidder will want to select his own attorney whose fee should be paid by the municipality. If the less approved practice of specifying that the attorney's fee be paid by the successful bidder is selected the charge will be reflected in the bids received for the bonds.

RATES OF INTEREST. Unless required by law a maximum rate of interest need not be stated in the advertisement for bids. Attempting to name a maximum interest rate close to the expected bids is not sound practice, and serves no practical purpose. Naming a specific, definite rate of interest which the bonds must bear will result in premium or discount bids and reduce the marketability of the bonds. The bidder should be permitted to name the rate or rates in multiples of $1/8$, $1/4$, or 1 percent. Serial bonds often require several rates in order to have a rate for the various maturity periods which will permit the bonds to be marketed at or close to par value. Three to five rates may aid in marketing a serial issue maturing over a 20 to 30 year period, and, while limitations should be prescribed to prevent abuse, such split-rate bidding is ordinarily permitted.

TERM OR SERIAL BONDS. The use of term bonds by a local government has been seriously discredited for a substantial issue requiring current revenues over a long period of years to retire. Investors do not favor term bonds and they are little used. Serial bonds are favored because maturities may be adjusted to the debt retirement program for all obligations of the government to the end that the schedule of interest and principal payments due from year to year can be met without refunding, default, or accumulation of cumbersome and costly sinking funds. Issuance of term bonds is advised only in cases of small issues which can be made to mature in a year of light maturities, thus maintaining a balance in the total schedule of maturities. Balloon maturities in a serial issue, scheduling large principal payments for the later maturity dates when debt service costs on other bond obligations are low, permit a serial issue to fit the debt paying ability of the government in any year.

No issue should be for a longer term than the expected life of the improvement for which the bonds are issued.

CALLABILITY. General investment opinion holds that the right to call bonds for redemption in advance of maturity dates is not of great value in view of the abnormally low interest rates now prevailing on municipal bonds. In the case, however, of revenue bond obligations of a utility system, higher profits than anticipated from the utility may justify more rapid bond redemption than that established by the original schedule of maturities, in order to save interest costs. Callability clauses may well be considered in connection with every issue. A thorough discussion of callability is presented in the following quotation from a recent publication of the Tennessee State Planning Commission.(1)

"(The callability feature) means simply that the governing unit include in its bond a statement to the effect that it reserves the right to call one or more of these bonds at any interest date upon giving notice by publication, and usually upon payment of a stated premium. Since it is unlikely that the community will have the sum available to call a term bond many years before it is due, the callability feature is of most importance to the serial bond. It is recommended that if this callability feature is included, it be stated that the bonds will be called in inverse order. This means that the last bonds due will be the first to be called and is important because the investor likes to be certain that his bond will run for at least a certain number of years.

(1) "Planning Water and Sewerage Systems for
Small Community"

The advantages of the callability feature are twofold; interest is saved when the bonds are called in advance, and in periods of low interest rates on bonds the community is enabled to refloat its issue at a more advantageous rate. It should be remembered, too, that the callability feature places no compulsion on the issuer; this feature costs the community nothing until such time as the administering officials know that it will be cheaper to pay the agreed premium and call the bonds than to continue paying interest on them.

In view of the importance of the callability feature, a conference concerning it was held with representatives of the Tennessee Taxpayers Association and with a group of impartial investment authorities. The following conclusions were reached:

1. That almost all bond issues should be made callable, but not callable at par, and generally not callable within the first three or four or perhaps five years after issuance and sale.
2. That the payment of a stated modest premium should be required on such bonds as are called for payment before their maturity. This may be a flat premium of a stated percentage, regardless of whether the bonds are called in five, six or ten or more years after issuance, or it may be stated as a schedule of premium payments that would begin with a stated premium and be diminished by say $1/4$ of one percent for each year after the fourth, fifth, or the sixth. (Editors note: A number of investment experts indicate a premium of $1/4$ of 1 per cent for the remaining life of bonds called for redemption will best satisfy the present market).
3. That while a flat, fixed premium of $1\frac{1}{2}$ to 2 per cent to apply to any bonds called after four or five years from issuance would generally be acceptable to bond buyers during a period of very high bond prices (which means a period of very low interest rates), it might be necessary, in issuing bonds in a period of low bond prices and high interest rates, to specify a premium of $2\frac{1}{2}$, 3, or perhaps even $3\frac{1}{2}$ per cent in order to control having the inclusion of the callability provisions produce a higher interest cost at the time of selling the bond issue.
4. That the inclusion of the privilege of calling bonds under the conditions set forth above would not result in the issuing government having to pay a higher interest cost on such a bond issue than it would have to pay on a non-callable issue, as reflected by the bids received in selling such bonds. (Editor's Note: Several investment experts state the belief that call provisions will result in a poorer sale and higher interest cost for general obligation serial bonds, but will not adversely affect the price of revenue bonds of a utility, since investors will hope surplus earnings may be used for redemption to save interest cost, even when interest rates have not lessened, thus giving bond holders a profit from the redemption premium).
5. That if bonds should be made callable at par or callable in less than five years - - some say if made callable in less than three or four years - - it would almost always result in the issuing government having to pay a somewhat higher interest rate than it would get

by requiring a breathing period of three, four or five years for the investor and the payment of a modest premium on such bonds as are actually called and redeemed.

6. The issuing government under almost all circumstances should save enough by calling its bonds to warrant the payment of a premium of $1\frac{1}{2}$ to 2 per cent or possibly even more on such bonds as are redeemed..."

ADVERTISING THE ISSUE. Advertisement of Tennessee local government issues in "THE BOND BUYER" of New York is recommended. This financial publication is read by all investment houses which may be expected to bid on Tennessee issues and by all major investors. In addition, all Tennessee investment firms, a list of which is given on Page 12, should be circularized. An advertisement used by the City of Nashville is reproduced on Page 13.

The following quotation gives the essential contents of a bond sale advertisement: (1)

"CONTENT OF ADVERTISEMENT. The advertisement of a bond sale should contain enough information so that dealers can prepare their bids. Frequently a municipality is judged by the quality and quantity of information it discloses in its advertisements. There may be many relevant details that cannot be carried in an advertisement. Such data should be referred to in the advertisement. The advertisement should disclose part or all of the following information, depending on the type of government and its standing in the market:

1. The correct legal name of the issuing body and the special law (if any) under which it was organized.
2. The amount of bonds to be sold and the purpose of the issue.
3. Date, hour, and place that bids will be opened. The time should be clearly stated such as Eastern, Central, Mountain, Pacific, Standard or Daylight, whichever is applicable. Dealers prefer sales during the day rather than at night because the bonds may be re-offered at once.
4. Date of bonds, maturity dates, and option dates if callable prior to maturity.
5. When and where interest and principal are payable.
6. Bond denominations, and registration privileges.
7. Basis for bidding. Wherever possible the bidder should be privileged to name the interest rate or rates. Nothing is gained by stating a maximum rate unless the law fixes a maximum. Split-rate bids, that is, bids at more than one rate are ordinarily permitted. The notice should state whether bids are limited to multiples of one-fourth, one-tenth or some other fraction of one per cent. Bidders are usually required to take "all or none" of the bonds. Discount bids should be permitted except where they are prohibited by law. Any statutory regulation governing the sale should be noted.

8. Basis for award. The basis for determining the highest or acceptable bidder should be stated. Usually the net interest cost will govern. The notice usually says: "Comparison of bids will be made by taking the interest cost at the rate or rates named in the respective bids, deducting therefrom the premium bid or adding thereto any discount granted." Sometimes supplementary arrangements are suggested that make comparisons impossible and offer some bidders an unfair advantage over others.
9. The notice should state whether bids will be accepted below par; that any bid not complying with terms of the sale may be rejected; the exact circumstances under which conditional bids (if any) will be received; and that the right to reject any or all bids is reserved.
10. The amount of the certified check or bank draft that must accompany the bid and to whom it is payable. A check for 2% is usual and sufficient.
11. Name the bond attorney who will approve legality of issue. If preliminary approval has been obtained, state so.
12. The name and address of official to whom bids should be submitted. Usually the bids must be in sealed envelopes marked "Proposal for purchase of _____ bonds to be sold on _____".
13. The time and place where delivery of the bonds will be made by the municipality.
14. Whether the municipality or the purchaser will pay for the legal opinion, printing of the bonds, and delivery of the bonds. These three items are substantial and bids cannot be compared unless all agree on the same method of handling costs.
15. What provision has been made for the payment of principal and interest; that is, are debt charges payable from unlimited advalorem property taxes, from limited advalorem taxes, from special improvement taxes, or from the revenues of a particular enterprise. Where bonds are payable primarily from special assessments or utility revenues but also from advalorem taxes the fact should be stated.
16. REVENUE BONDS payable solely from the earnings of a particular enterprise require extensive data to substantiate the earnings. Such facts are usually given in a special prospectus.
17. Total tax rate in the governmental unit, the rate for each levying body, and constitutional or statutory limits restricting debts or the taxes levied for their payment.
18. If the municipality has never defaulted on the principal or interest of its debt, so state.

19. Population according to latest Federal Census, and a reliable estimate of present population.
20. A statement that there is no litigation, pending or threatened, which concerns the validity of these bonds, the corporate boundaries or taxing powers of the issuer, or the right of the present officials to hold their respective offices.
21. Give the name of the person who will furnish additional information about the municipality or the bond sale..."

PLACE OF PAYMENT. The soundest arrangement for payment of interest and principal on Tennessee bonds is to designate a New York bank as paying agent. Naming a second bank in one of the Tennessee financial centers, which is a correspondent of the New York paying agent, as a co-paying agent is also recommended. A paying agent in New York is essential if the issue is expected to have a wide distribution and investment houses bidding on bonds usually insist on this arrangement. The city must bear the expense of fees charged by the paying agent, which ordinarily equal $1/10$ of 1 per cent of principal payments made and $1/2$ to $1/4$ of 1 per cent of interest payments handled. The advantage of increased marketability will more than offset these nominal fees. The issuer should always arrange with a local bank acting as paying agent to absorb any charges made for paying principal and interest on its bonds. Often local banks assess these charges against bond holders, a practice resented by bond holders and one tending to discourage purchase of the bonds.

Investors will shun the bonds of a local government that fails to send funds to the paying agent before principal and interest payments fall due. Simple arrangements for remitting funds can often be made through a local bank which is a correspondent of the paying agent.

PRINTING OF BONDS. Bonds are subject to forgery, and marketability is improved by printing of bonds by a firm specializing in such work. The seller may complete arrangements for printing, subject to approval of the successful bidder, and also pay all costs thereof. A less favored alternative is to require the successful bidder to print the bonds and pay all costs, which will be reflected in the bids.

Following is an incomplete list of printing firms specializing in printing bonds and serving the Tennessee area: Ambrose Printing Company, 162-4th Avenue, N., Nashville 3, Tennessee; S. C. Toof and Company, Memphis, Tennessee; Printing and Engraving Company, Knoxville, Tennessee; McCowart, Mercer and Company, Jackson, Tennessee; Columbian Bank Note Company, 500 S., Ashland, Chicago, Illinois; American Bank Note Company, Chicago, Illinois; Security Bank Note Company, Philadelphia, Pennsylvania.

PROSPECTUS. In issuing bonds which are to be payable from the levy of taxes, the municipality, before offering bonds for sale, should prepare and have available to all prospective purchasers a complete financial statement of the municipality. This statement should contain at least the following:

Estimated Actual Value of all Taxable Property _____
 Assessed Valuation for Taxes (Current Year) _____
 Percentage - Assessed of Actual Value _____
 TOTAL Bonded Debt _____
 Self-Supporting Debt _____
 Sinking Fund _____
 Floating Debt _____

Population - (last census) _____
 Present Population (estimated) _____

<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Amount Levied</u>	<u>Amt. Collected (to nearest date)</u>	<u>Percentage Collections of Levy</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

This record of assessed valuation, tax rate and collections should cover a period of at least four years.

In addition to the above, any other available data should be supplied, such as the number of industries in the community, people employed, total payrolls, bank resources, etc., since it is obvious that the better-informed a prospective bidder may be, the more attractive his offer is likely to be.

In the case of bonds being issued to finance a utility, it is important that all information as to past earnings, the number of customers being served, gross revenues, operating expenses and expenditures for maintenance reserves, etc., be prepared, and where money arising from the sale of bonds is to be used for expansion, estimated operating results should also be prepared. The prospectus for revenue bonds must usually be based on an engineers report of anticipated earnings.

A financial statement used by the city of Nashville in advertising a recent bond issue is reproduced on Page 14.

CONDUCTING THE SALE. On the date and hour set for receiving the bids, two methods of conducting a sale are offered, by sealed bids or by auction. Usually the municipality will benefit by using the sealed bid method. In a recent publication on marketing bonds, the Municipal Finance Officers Association expressed a preference for sealed bids as follows: "Auction Sales are entertaining but better prices will generally come from sealed bids." More bidders will compete in the sale if sealed bids are used, and the best assurance of a good price is wide-spread competition. Many out-of-state investment houses will not send representatives to bid at an auction. Each representative at an auction usually has a top bid set by his firm, particularly if he represents a syndicate, and he will not go above this bid, although he may purchase the bonds below it. An auction sale is advisable,

then, only if widespread competition is assured.

The method of sale determined ought to be strictly adhered to. For example, the practice of rejecting all sealed bids, opening the sale to auction, and selling the bonds at a slightly better price than the best sealed bid will discourage bidding on future issues. However, the right should always be reserved to reject all bids.

Sealed bids should be received by an official of the municipality and opened publically. Award of the bonds is made on the basis of the bid representing the lowest net interest cost to the municipality. An advertisement of the sale giving complete information will insure bids on a uniform basis. All non-conforming bids must necessarily be rejected.

DELIVERY OF BONDS. After the award of bonds, it is necessary to have bond forms prepared for signatures of the proper officials before delivery may be made to the purchaser, who desires delivery as soon as possible after purchase. The place and manner of delivery need to be clearly understood.

BOND RECORD. A bond record or register must be prepared to show all pertinent information regarding a bond issue - bonds outstanding, schedule of interest and principal payments, coupon and principal payments due and uncollected, and name of depository holding funds, names and addresses of bond holders if registered, legal authority for issue, paying agent, etc. Information required to maintain a bond record is necessarily secured before delivery of the bonds. A number of alternative systems of bond records have been developed, and a suitable system may be readily selected.

CREDIT RATING AND GOOD WILL. Local governments will find a policy of prompt and thorough cooperation with investment firms pays dividends in better service and readier access to the bond market. Emphasis should be placed on answering requests for information from investors and bond houses. Many Tennessee cities and counties do not have a credit rating by such recognized rating agencies as Moody's Poor's and Dun and Bradstreet because they have not answered financial questionnaires sent by these agencies.

NATIONALLY RECOGNIZED BOND ATTORNEYS
(not a complete list)

1. Chapman and Cutler
111 West Monroe St.,
Chicago, Illinois
2. Caldwell, Marshall, Trimble & Mitchell
115 Broadway
New York, N. Y.
3. Charles and Trauernicht
St. Louis, Missouri
4. Hawkins, Delafield & Wood
67 Wall Street
New York, N. Y.
5. Masslich & Mitchell
120 Broadway
New York, N. Y.
6. Reed, Hoyt and Washburn
52 Wall Street
New York, N. Y.
7. Storey, Thorndike, Palmer and Dodge
52 State Street
Boston, Mass.
8. Vanderwater, Sykes, & Bockler
120 Broadway
New York, N. Y.
9. Wood, King & Dawson
48 Wall Street
New York, N. Y.
10. Peck, Shaffer, and Williams
1604 First National Bank Bldg.,
Cincinnati, Ohio.

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THE FOLLOWING TENNESSEE INVESTMENT
FIRMS MAY BE EXPECTED TO BID ON
NEW ISSUES OF MUNICIPAL BONDS

1. MEMPHIS, TENNESSEE, firms:

James E. Bennett & Co., -67 Union Street	'Leftwich & Ross Co., -First Ntl. Bldg
Herman Bensdorf & Co., -Commerce Title Bldg.,	'Joseph J. Moss -81 Monroe Avenue
Bullington-Schoss & Co., -1st Ntl. Bldg.,	'Municipal Bond & Investment Co., -
Federal Securities Co., - 81 Monroe Avenue	' Commerce Title Building
Bond Dept., First National Bank -127 Madison	'Bond Dept., -Ntl. Bank of Commerce-
Bond Dept., -Union Planters Bk., & Tr., Co., -	' National Bank of Commerce Bldg.
Union Planters Bank Building.	'R. B. Wooten & Co., -Commerce Title
	' Bldg.

2. NASHVILLE, TENNESSEE, firms:

Jack M. Bass & Co.,Chamber of Commerce Building
 Bond Dept., -J.C. Bradford Co.,418 Union Street
 Bond Dept., -American National Bank. .4th and Union
 Bond Dept., -Third National Bank (Attn: Jas. C. Ward), Third Ntl., Bk., Bldg.
 Bond Dept., -Commerce Union Bank.Union Street
 Cumberland Securities Corporation.206 -4th Avenue, N.
 Equitable Securities Company.322 Union Street
 W. N. Estes Company.Third Ntl. Bank Bldg.
 Paul E. Eve and Company.Warner Building
 Hermitage Securities Company.Nashville Trust Building
 Mid-South Securities416 Union Street
 Temple Securities Corporation.Third National Bank Building
 Webster and Gibson.168 -4th Ave., N.
 Wiley Brothers, Incorporated.713 Stahlman Building

3. KNOXVILLE, TENNESSEE, firms:

L. L. Bailey & Company	Hamilton Bank Building
Bond Dept., -Commercial Ntl. Bank	Commercial National Bank Building
Continental Securities Company	Hamilton National Bank Building
L. H. Ghormley & Company	Hamilton National Bank Building
Bond Dept., -Hamilton Ntl., Bank	Hamilton National Bank Building
C. H. Little & Company	Hamilton National Bank Building

4. CHATTANOOGA, TENNESSEE, firms:

Chattanooga Securities Corp., -James Building
 Fred A. Hahn Company - Chattanooga Bank Building
 Luckado & Company -Provident Building
 McDowell & Company - Hamilton Bank Building

5. JACKSON, TENNESSEE, firms:

C. H. Little & Company	Main and Liberty Streets
W. E. Richmond & Company	102½ West Main Street

6. BRISTOL, VIRGINIA, firms:

CORRECTION

Additions to list of investment firms bidding on issues of municipal bonds

R. W. Spragins and Company - Commerce Title Building - Memphis

Nashville Securities Company - 416 Union Street - Nashville

Nashville Trust Company - 315 Union Street - Nashville

J. F. Smith and Company - Knoxville

Second National Bank, Jackson

NOTE: Correct address for Mid-South Securities Co., - American Trust Bldg., Nashville

ADVERTISEMENT

\$1,500,000

CITY OF NASHVILLE, TENNESSEE

STREET, ALLEY AND SEWER BONDS OF 1945

Notice is hereby given that the City of Nashville, Tennessee, will receive sealed bids up to 7:30 o'clock P.M. on April 1, 1947, at the office of the City Clerk, and will at said hour and on said date in the City Council Chamber in the City Hall in the City of Nashville, open said bids and award to the highest responsible bidder, \$1,500,000 Street, Alley and Sewer Bonds of 1945, dated June 1, 1945, denomination \$1,000, bearing interest at a rate or rates not greater than three per cent per annum to be fixed at the time of sale, such interest being payable semi-annually on December 1 and June 1 of each year, registerable as to principal, payable at the City Treasurer's office or Guaranty Trust Company of New York, and maturing serially without option of prior payment, \$50,000 June 1, 1950 to 1954, inclusive, \$55,000 June 1, 1955 to 1959, inclusive, \$60,000 June 1, 1960 to 1964, inclusive, \$65,000 June 1, 1965 to 1969, inclusive, and \$70,000 June 1, 1970 to 1974, inclusive.

The bonds are the unissued portion of an authorized issue of \$3,000,000 and are payable from taxes to be levied on all taxable property in the city without limitation as to rate or amount.

Bidders are requested to name a rate or rates of interest in multiples of one-quarter of one per cent. The bonds will be awarded to the responsible bidder whose bid results in the lowest interest cost to the city without the consideration of premiums, except in the case of bids otherwise resulting in identical interest cost. The city will supply the approving opinion of Chapman and Cutler. The right is reserved to reject any and all bids. No bid will be accepted for less than par and accrued interest. A good faith deposit in the amount of \$30,000 shall be made by each bidder in the form of a certified or cashier's check, payable to the order of the City Treasurer. It is anticipated that the bonds will be ready for delivery on or about April 15, 1947.

Additional information may be obtained from the undersigned City Clerk.

THOMAS L. CUMMINGS,
Mayor

Attest:
W. M. CARR, JR.,
City Clerk
(Seal)

The foregoing is a copy of the notice of sale as it appeared in the Daily Bond Buyer on March 5, 1947, pertinent to this Bond Issue.

STATEMENT OF BONDED DEBT
City of Nashville, Tenn.

February 28, 1947

Gross Debt, February 28, 1947-----	\$25,919,000.00	
Proposed Sale-Street, Alley and Sewer Bonds, 1945-----	1,500,000.00	
Proposed Sale -Fire Department Equipment and Improvement Bonds, 1947-----	85,000.00	\$27,504,000.00
Less Legal Deductions:		
Water Bonds -General-----	2,538,000.00	
Water Bonds -Revenue-----	414,000.00	
Special Assessment Bonds-----	170,000.00	
Park Commission Bonds-----	730,000.00	
Light and Power Bonds-General-----	38,000.00	
Electric Power Revenue Bonds-----	11,140,000.00	
General Sinking Fund -Cash-----	656,320.26	
General Sinking Fund-Investments-Cost-----	279,950.00	15,966,270.26
Net Bonded Debt-----		<u>\$11,537,729.74</u>
Assessed Valuation-Real Property (1946)-----	\$121,756,895.00	
Assessed Valuation-All Property (1946)-----	193,525,862.26	
Debt Limit-10% of Total Assessed Valuation		19,352,586.23
Legal Debt Margin-----		<u>\$ 7,814,856.49</u>
Total Actual Valuation -Estimated (100% Legal)-----	\$ 193,525,862.26	
Tax Rate per \$1,000.00-----	22.00	
Population-Corporate Limits-1940 Federal Census-----	167,402	
Population -Corporate Limits-January, 1946 Chamber of Commerce-----	178,547	
Population-Metropolitan Area-1940 Federal Census-----	241,769	
Net Bond Debt-Per Capita-----	\$ 64.62	

TAX LEVIES AND COLLECTIONS

August 1, 1943 thru February 28, 1947

	Delinquent	Current	Collection Percentages Delin- quent	Cur- rent
Delinquent Taxes-7-31-43---	\$1,448,893.82			
1943 Levy -8-1-43-----		3,630,126.23		
Delinquent Collections to				
7-31-44 -----	200,971.83		13.87%	
Current ('43) Collections to				
7-31-44-----		<u>3,496,104.47</u>		96.31%
1943 Taxes Transferred to De- linquent Rolls-----		\$ 134,021.76		
Delinquent Taxes-7-31-44---	\$1,381,943.75			
1944 Tax Levy-8-1-44-----		3,938,379.07		
Delinquent Collections to-				
7-31-45-----	188,344.06		13.63%	
Current ('44) Collections to				
7-31-45-----		<u>3,826,491.10</u>		97.16%
1944 Taxes Transferred to De- linquent Rolls-----		\$ 111,887.97		
Delinquent Taxes -7-31-45- \$	1,305,487.66			
1945 Tax Levy-8-1-45-----		\$4,084,553.37		
Delinquent Collections to -				
7-31-46-----	190,077.83		14.56%	
Current ('45) Collections to				
7-31-46-----		<u>3,908,612.31</u>		95.69%
1945 Taxes Transferred to De- linquent Rolls-----		\$ 175,941.06		
Delinquent Taxes-7-31-46-- \$	1,291,350.84			
1946 Tax Levy-8-1-46-----		4,257,569.16		
Delinquent Collections to-				
2-28-47-----	31,938.24		6.35%	
Current ('46) Collections to				
2-28-47-----		<u>4,009,834.40</u>		94.18%

