



Revenue Bonds

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Issuing revenue bonds is similar to issuing general obligation bonds, but there are no general law provisions for petitioners to force a referendum on revenue bonds. They may be sold by competitive bid or negotiation for at least 97 percent of par value. T.C.A. §§ 9-21-302–303.

Lenders providing money through revenue bonds must look for repayment to the revenue produced by the public works being financed. Therefore, revenue bond covenants frequently include detailed promises about how the city will operate its revenue-generating investment and handle its finances. Cities have the authority to make covenants about insuring and maintaining a public works project, keeping city books, performing audits, and many other operational details. There may be interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings, and other interest rate hedging agreements relative to revenue bonds. T.C.A. § 9-21-306.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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