

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**AUGUST 11, 2016**  
**AGENDA**

1. Call Meeting to Order
2. Approval of minutes from the TLDA meeting of July 14, 2016
3. Consideration of a request from DeKalb Utility District to issue Waterworks Revenue Refunding Bonds in an amount not to exceed \$4,200,000 on parity with its SRF loan
4. Consideration of a request from DeKalb Utility District to issue USDA Waterworks Revenue Bonds in an amount not to exceed \$5,000,000 subordinate to its SRF loan
5. Consideration of a request from the city of Portland to issue Water and Sewer Revenue Refunding and Improvement Bonds in an amount not to exceed \$20,000,000 on parity with its SRF loan
6. Consider for approval the following CWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Gordonsville CW4-2017-377	\$ 116,250	\$ 8,750	\$ 125,000	1.33%

7. Consider for approval the following DWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Oakland DG5 2016-179	\$ 937,387	\$ 312,463	\$ 1,249,850	1.12%
Paris DWF 2016-178	\$ 500,000	\$ -	\$ 500,000	0.85%

8. Adjourn

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**

**July 14, 2016**

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Thursday, July 14, 2016, at 10:00 a.m. in the Legislative Plaza, room LP-29, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided as Vice-Chair.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury  
The Honorable David Lillard, State Treasurer  
Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted in the meeting notice:

Mr. Pat Wolfe, Senate Appointee

The following members were absent:

The Honorable Bill Haslam, Governor  
Dr. Kenneth Moore, House Appointee

Recognizing a physical quorum present, Mr. Hargett called the meeting to order and performed a roll-call:

Mr. Wolfe—Present  
Ms. Scott—Present  
Mr. Wilson—Present  
Mr. Lillard—Present  
Mr. Hargett—Present

Mr. Hargett asked for a motion to approve the minutes of June 9, 2016. Mr. Wilson made a motion to approve the minutes, and Mr. Lillard seconded the motion. Mr. Hargett performed a roll-call vote:

Mr. Wolfe—Yes  
Ms. Scott—Yes  
Mr. Lillard—Yes  
Mr. Wilson—Yes  
Mr. Hargett—Yes

The minutes were unanimously approved.

Mr. Hargett recognized Ms. Alexa Voytek from the Tennessee Department of Environment and Conservation's (TDEC) Office of Energy Programs (OEP) to present an update on the Qualified Energy Conservation Bond (QECB) program. Ms. Voytek proceeded with the update:

**City of Clarksville**

The City is utilizing its Large Local Jurisdiction (LLJ) allocation for a street lighting improvement project. This issuance closed on March 23, 2016, and the project is underway. The City of Clarksville issued only \$1,240,000 of its \$1,241,344 QECB allocation and decided to reallocate the difference of \$1,344 back to the State on June 10, 2016. This has resulted in a revised total that is available for suballocation. The new total is \$26,936,095 and is reflected in document titled QECB Update – Total State Allocation June 2016 that was included in the meeting materials.

## **Memphis Green Communities Program**

- **Crosstown Concourse:**  
Bonds in the amount of \$8,316,000 were issued on February 18, 2015 for the Crosstown Concourse project. To date, Crosstown Building Owner LLC has successfully drawn down \$7,715,105.57 in QECB proceeds from Regions Bank (serving as Trustee) over 11 draw requests. Draw requests are accompanied by a Buy American certification and statement of energy conservation to ensure compliance. As of March 22, 2016, Crosstown is approximately 81% complete with work associated with QECBs. HVAC, building cooling towers, exhaust fans and ventilation, and boilers and flues are complete. Work remains on windows and interior lighting.
- **Knowledge Quest:**  
Bonds in the amount of \$340,700 were issued on April 29, 2015 for the Knowledge Quest project. To date, Knowledge Quest has successfully drawn down \$198,232.86 in QECB proceeds from Regions Bank (serving as Trustee) over eight draw requests. Draw requests are accompanied by a Buy American certification and statement of energy conservation to ensure compliance. As of May 19, 2016, Knowledge Quest has purchased doors, windows, and roofing material for the Green Leaf Apartments building. Windows and doors have been installed and related roof work is in process. The contractor has begun the work of preparing the structure for upgrades to plumbing and electrical work.
- **Universal Life Insurance Building:**  
Bonds in the amount of \$2,015,300 were issued on April 29, 2015 to Self Tucker Properties, LLC for the Universal Life Insurance Building project. To date, Self Tucker Properties, LLC has successfully drawn down \$215,701.04 in QECB proceeds in one draw request from Regions Bank (serving as Trustee). Draw requests are accompanied by a Buy American certification and statement of energy conservation to ensure compliance. To date, HVAC equipment associated with the building renovation for the Universal Life Insurance Building has been installed.

## **Knox County**

OEP had recommended and TLDA had approved a \$12,450,000 suballocation for the installation of solar photovoltaic panels on fourteen (14) targeted sites across the county, notably public school rooftops. Issuance on this project closed on June 30, 2015. At this time, all sites are producing power. Systems are reporting through the DrakeR system, and Knox County is working to schedule training for the team, in order to utilize the data from the DrakeR system for reporting on energy savings.

## **City of Lebanon**

OEP had recommended and TLDA had approved a \$3,500,000 suballocation for the construction and installation of a waste-to-energy gasification unit. The City of Lebanon is working with PHG Energy (PHGE) on this project. Issuance on this project closed on April 24, 2015. As of April 15, 2016, the Planning Commission has approved the project site and the Project Grading Permit has been approved and received. The piping and instrumentation diagram has been finalized and construction is due to start on April 1, 2016. All major equipment has been selected and purchased. PHGE has begun receipt of several pieces of equipment such as: project fans; control valves; instruments and heat exchangers. The major gasifier sections have been constructed and the internal casting completed. The project is expected to be complete by August 2016.

Ms. Voytek stated that to date, no formal proposals had been submitted under the third request for proposals, but OEP continues to receive inquiries from potential applicants. There were no questions or comments. No action was necessary.

Mr. Hargett recognized Ms. Kayla Carr, Assistant Director of the Office of State and Local Finance to discuss revisions made to State Revolving Fund (SRF) loan agreements to be effective for new applicants as of July 1, 2016. (A redline version documenting the pertinent changes to each agreement was included in the meeting materials.) Ms. Carr stated that revisions had been made to the loan agreements for clarification purposes and that these revisions were in line with current practice. She stated that the revisions were made to the loan agreement for tax revenue entities (i.e. towns, cities, and counties). She stated that covenants had been added to section 7 of the loan agreement. This language clarified that tax revenue entities had to receive approval from the Authority in order to issue debt on parity with or senior to SRF debt. Otherwise, such borrowers would only need to notify the Authority of their intent to issue debt. Ms. Carr stated that loan agreements for both tax revenue entities and revenue entities (i.e. utility districts and water/wastewater/energy authorities) included clarifying language for the defined term "Revenues" and also clarified that principal forgiveness is disbursed on a pro-rate basis. Mr. Hargett asked if anyone had questions or comments. There were none.

Mr. Hargett stated that the next item of business was a public hearing and discussion on proposed revisions to current SRF policy and guidance for borrowers. The proposed revised policy and guidance for borrowers was developed in an effort to consolidate and clarify existing policies and guidance and to present this information in a user-friendly manner. Mr. Hargett stated that counsel advised the TLDA to issue a request for public comment for the proposed revised policy and guidance. Mr. Hargett stated that the public comment period will end on August 31, 2016, at 4:30 p.m. central time. He stated that staff to the TLDA had identified several organizations whose membership might be interested in the proposed policy and guidance. Mr. Hargett then directed the Assistant Secretary to send information regarding the proposed policy and guidance to the following organizations identified by staff:

- Tennessee Municipal League
- Tennessee County Services Association
- Tennessee Association of Utility Districts
- Tennessee City Management Association
- County Officials Association of Tennessee
- Tennessee Government Finance Officers Association
- Municipal Technical Advisory Service
- County Technical Assistance Service

Mr. Hargett asked if any member had additional recommendations for potential interested parties. There were none. Mr. Hargett also requested that TDEC send a copy of the proposed policy and guidance to the Environmental Protection Agency, and he directed staff to post notice on both the TLDA's and TDEC's websites.

Hearing no further business, Mr. Hargett asked for a motion to adjourn. Mr. Wilson made a motion to adjourn, and Ms. Scott seconded the motion. Mr. Hargett performed a roll-call vote:

Mr. Wolfe—Yes  
Ms. Scott—Yes  
Mr. Wilson—Yes  
Mr. Lillard—Yes  
Mr. Hargett—Yes

The meeting was adjourned.

Approved on this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
OFFICE OF STATE AND LOCAL FINANCE

DEKALB UTILITY DISTRICT  
REQUEST TO ISSUE BONDS

The following utility district has requested approval to issue refunding bonds on parity with its outstanding SRF loans and to issue USDA bonds subordinate to its outstanding SRF loans:

- DeKalb Utility District (Fiscal Year Ending June 30, 2015)

**Compliance**

No additional debt payable from the revenues of the system will be issued or entered into unless:

- Prior approval is received from TLDA.
- The annual audit required by the terms of this Agreement for the most recent fiscal year has been delivered within six (6) months after the end of that fiscal year.
- The covenant in Paragraph 7(I) was met for the most recent fiscal year,

To establish and collect, and to increase user fees and charges sufficient to meet a 1.20X debt service coverage to net revenues. Net revenues are gross earnings, fees and charges, less current expenses. Current expenses are those incurred by the operation of the system, determined in accordance with generally accepted accounting principles (GAAP), including the reasonable and necessary costs of operating, maintaining, repairing and insuring the system, salaries, wages, cost of material and supplies, and insurance premiums, but shall specifically exclude depreciation and debt service payments. (Paragraph 7(I))

- The net revenues of the system for the next three fiscal years ending after the issuance of the additional debt shall be sufficient to comply with the covenant in Paragraph 7(I).
- The local government shall have adopted a revised schedule of rates and fees and taken action to put such revisions in effect at or prior to the issuance of the additional debt.

**Financial Information**

The DeKalb Utility District (the "District") submitted the following for the fiscal year ended June 30, 2015:

- A letter requesting prior approval by TLDA to issue waterworks revenue refunding bonds in an amount not to exceed \$4,200,000 on parity with its current SRF Loans, received July 7, 2016.
  - The purpose of a maximum \$4,200,000 Waterworks Revenue Refunding Bonds is to current refund \$3,900,127 of the following:

- DWF Loan # 2001-041 (State Revolving Fund Loan)
  - Waterworks Revenue Bonds, Series 2002 (Rural Development Loan)
  - Waterworks Revenue Bonds, Series 2010 (Rural Development Loan)
  - Waterworks Revenue Bonds, Series 2010A (Rural Development Loan)
  - Water Storage Agreement, 2010 (Federal Water Supply Act of 1958)
- A letter requesting prior approval to issue USDA Waterworks Revenue Bonds in an amount not to exceed \$5,000,000 on a subordinate basis to its current SRF loans, received July 20, 2016
    - The purpose of the \$5,000,000 USDA Waterworks Revenue Bonds is to complete the water treatment plant project that is currently funded by the District's most recent SRF loans.
  - FY2015 audited financial statements were submitted to the Comptroller's Office on December 30, 2015.
  - Calculation of the District's debt service coverage to net revenues and a projected statement of changes, provided by Julianne Graham of Wiley Bros.-Aintree Capital, LLC.
    - The District's debt service coverage to net revenues was 2.55X for fiscal year 2015. The District has met the debt service coverage requirement for fiscal year 2015.
    - Based on its forecast of future years' net revenues and debt service coverage ratios, the District projects that it will meet the debt service coverage requirement with estimated debt service coverage to net revenues ranging from 2.59X to 1.47X for fiscal years 2016 through 2020. Coverage ratios in forecast years FY2018 through FY2020 include 2016 USDA loan in the amount of \$5,000,000.
    - Pro forma revenues are based on 2% increase year over year. Decreases in operating expenses are due to fulfillment of contract for water purchases and the District's water production facility becoming fully operational.
  - Security deposits are fully funded.

## **Conclusion**

The District appears to meet the requirements for approval to issue refunding bonds on parity with their outstanding SRF loans and to issue USDA bonds on a subordinate basis to its SRF loans.

**DEKALB UTILITY DISTRICT**  
**Current Pro Forma Debt Service Coverage**

	Audited FY2015	Projected FY2016	Budgeted FY2017	Pro Forma FY2018	Pro Forma FY2019	Pro Forma FY2020
<b>Revenues</b>						
Metered Water Sales	\$ 2,491,313	\$ 2,529,615	\$ 2,565,000	\$ 2,616,300	\$ 2,668,626	\$ 2,721,999
Connection Fees	39,225	38,700	35,000	35,700	36,414	37,142
Installation & Tap Fees	21,900	21,000	18,000	18,360	18,727	19,102
Service & Maintenance Fees	6,542	5,367	5,500	5,610	5,722	5,837
Other Income	241	8,091	-	-	-	-
Interest Income	4,782	5,611	4,670	4,763	4,859	4,956
<b>Total Revenues</b>	<b>\$ 2,564,003</b>	<b>\$ 2,608,384</b>	<b>\$ 2,628,170</b>	<b>\$ 2,680,733</b>	<b>\$ 2,734,348</b>	<b>\$ 2,789,036</b>
<b>Operating Expenses (excluding Depreciation)</b>	<b>1,859,648</b>	<b>1,893,481</b>	<b>1,748,713</b>	<b>1,358,713</b>	<b>1,385,887</b>	<b>1,413,605</b>
<b>Net Revenue Available for Debt Service</b>	<b>\$ 704,355</b>	<b>\$ 714,903</b>	<b>\$ 879,457</b>	<b>\$ 1,322,020</b>	<b>\$ 1,348,461</b>	<b>\$ 1,375,431</b>
<b>Current Annual Maximum Debt Service</b>	<b>\$ 275,514</b>	<b>\$ 270,544</b>	<b>258,749</b>	<b>778,835</b>	<b>938,988</b>	<b>935,776</b>
<b>Debt Service Coverage</b>	<b>2.56</b>	<b>2.64</b>	<b>3.40</b>	<b>1.70</b>	<b>1.44</b>	<b>1.47</b>

**BASS BERRY + SIMS**

Jeffrey A. Oldham  
joldham@bassberry.com  
(615) 742-7704

July 22, 2016

**VIA E-MAIL (sandi.thompson@cot.tn.gov)**

Ms. Sandra Thompson, Director  
Office of State and Local Finance  
James K. Polk Building, Suite 1600  
505 Deaderick Street  
Nashville, Tennessee 37243

RE: DeKalb Utility District of DeKalb County, Tennessee (the "District") –  
Proposed Waterworks Revenue Refunding Bonds, Series 2016 (the "Bonds")

Dear Sandi:

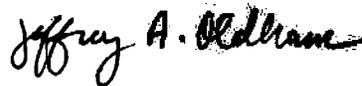
The District proposes to issue the Bonds to refund certain outstanding debt (the "Refunded Bonds") for debt service savings, all as more fully detailed in the plan of finance filed with the office of state and local finance on July 7, 2016. The Bonds are proposed to be issued on parity with the District's State Revolving Fund Loans (DWF 2014-142 and DWF 2014-143) (the "SRF Loans"). The issuance of the Series 2016 Bonds generally, and the issuance of the Series 2016 Bonds on parity with the SRF Loans requires the approval of the Tennessee Local Development Authority (the "TLDA").

On the District's behalf, I am asking that the TLDA consider approving the issuance of the Bonds on parity with the District's SRF Loans at the August 11 meeting of the TLDA. We believe that it is in the public interest for the TLDA to approve the issuance of the Bonds on this basis because the refunding will result in the reduction of debt service on the Refunded Bonds, which have a lien on the District's revenues that is senior to the lien in favor of the SRF Loans.

I am happy to answer any questions you may have and, if necessary, to attend the TLDA meeting.

Thanks for your help.

Yours truly,



Jeffrey A. Oldham

JEO

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**BASS BERRY + SIMS**

**Jeffrey A. Oldham**  
joldham@bassberry.com  
(615) 742-7704

August 2, 2016

**VIA E-MAIL (sandi.thompson@cot.tn.gov)**

Ms. Sandra Thompson, Director  
Office of State and Local Finance  
James K. Polk Building, Suite 1600  
505 Deaderick Street  
Nashville, Tennessee 37243

RE: DeKalb Utility District of DeKalb County, Tennessee (the "District") –  
Proposed \$5,000,000 USDA Waterworks Revenue Bond

Dear Sandi:

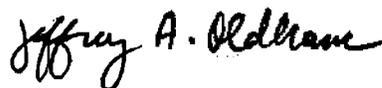
In order for the District to complete the water treatment plant project funded by the TLDA and TDEC with their most recent loans to the District, the District proposes to borrow from the USDA an additional \$5,000,000 at a rate of 2.625%, payable in 456 equal consecutive monthly installments of principal and interest. Annual debt service will total \$208,200 per year.

On the District's behalf, I am asking that the TLDA consider approving the proposed loan from Rural Development at its meeting on August 11. The loan is proposed to be secured on a subordinate basis to the State's revolving fund loans.

I am happy to answer any questions you may have and, if necessary, to attend the TLDA meeting.

Thanks for your help.

Yours truly,



Jeffrey A. Oldham

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
OFFICE OF STATE AND LOCAL FINANCE**

**CITY OF PORTLAND  
REQUEST TO MODIFY LIEN POSITION REFUNDING AND NEW MONEY BONDS**

The following municipality with outstanding SRF loans has requested approval to issue bonds on parity with its outstanding SRF Loans:

- City of Portland (Fiscal Year Ending June 30)

In the TLDA's draft State Revolving Fund Policy and Guidance for Borrowers, it is stated that:

... if a Borrower requests a modification of the TLDA's lien position to new debt, the TLDA may consider a modification upon demonstration from a Borrower of good cause, sufficient resources to repay the SRF Loan(s), and ability to satisfy any other such requirements as set forth by the TLDA at the time of the request.

This SRF Loan Agreement with the City does not contain covenants associated with lien position or the issuance of additional bonds as does a utility district's SRF Loan Agreement.

**LIEN POSITION MODIFICATION CONSIDERATIONS**

**Water and Sewer System Revenue Refunding Bonds, Series 2016**

The purpose of the proposed \$20,000,000 Water and Sewer System Revenue Refunding Bonds, Series 2016, is to provide up to \$10,000,000 for necessary System improvements and to refund \$4,885,000 Water and Sewer System Revenue Refunding Bonds, Series 2006, and \$2,723,000 Water and Sewer System Revenue Refunding Bonds, Series 2014. The proposed Series 2016 Bonds may be used to refund SRF Loan 2006-192 if the TLDA elects not to grant parity for the Series 2016 Bonds with respect to the revenue pledge for the SRF Loan. The proposed refunding portion of the Water and Sewer System Revenue Refunding Bonds, Series 2016, is projected to produce net present value savings of \$622,278 or 8.83%.

The City's current credit ratings, as reported by Wiley Bros., are as follows: The Portland GO credit is rated AA- by S&P most recently reviewed in 2015. The Portland Water and Sewer credit is currently rated A3 by Moody's based on the Series 2006 Bonds.

## **SRF Loan Information**

Loan # 2006-192

Amount Authorized: \$1,500,000

Total Spent: \$1,341,491

Balance Outstanding at June 30, 2016: \$1,062,295

## **Compliance**

SRF loan covenants and representations

- Item 7.(h) GAAP Accounting and Audited Annual Financial Statement Requirement

The City met this covenant. The City filed their audited financial statements in a timely manner with the Division of Local Government Audit for fiscal years 2013 through 2015. It received a clean opinion from its auditor for each of those years.

- Item 7.(l) Sufficient Revenues - To establish and collect, and to increase, user fees and charges and/or increase or levy, as the case may be, ad valorem taxes as needed to pay the monthly installments due under this Agreement, as well as the other costs of operation and maintenance including depreciation and debt service of the system of which the Project is a part.

Looking strictly at the user fees and charges the City did not appear to collect sufficient monies in a fiscal year to meet the Water and Sewer System's cost of operation (including depreciation) and maintenance including debt service. However, depreciation is the issue, and cash appears sufficient to meet expenses.

## **Repayment**

According to the OSLF Program Accounting Analyst, Portland has been repaying principal and interest since November 2011. The monthly repayment amount is \$6,562. The City is very prompt in paying each month.

## **Financial Resources**

### **Property Taxes**

Please see attached schedule.

State Shared Taxes (SSTs)

SSTs received in FY2015	\$1,455,439
Annual Debt Service for debt with SST pledge	<u>78,744</u>
Unobligated SSTs	\$1,376,695

The system's reliance on revenues generated from its largest user(s) as a percentage of total system revenues:

The System's largest customer is Crown Group. The customer's most recent audited billing was \$227,503. This accounted for a little over 5% of water revenues and approximately 2.9% of sewer revenues.

Debt Service Coverage Ratio

The current and projected Debt Service Coverage Ratio exceeds 1.2X net revenues.

**Conclusion**

The City appears to meet the proposed guidelines to modify lien position. The City has had sufficient cash to meet its obligations.

**City of Portland  
Schedule of Property Tax Rates and Assessments  
Last Ten Fiscal Years**

<u>Year of Levy</u>	<u>Fiscal Year</u>	<u>Tax Rate Per \$100 Sumner</u>	<u>Tax Rate Per \$100 Robertson</u>	<u>Tax Assessment</u>
2015	<del>2016</del>	1.21	1.21	<del>3,828,690</del>
2014	2015	1.21	1.21	3,679,618
2013	2014	1.18	1.18	3,761,866
2012	2013	1.10	1.13	3,310,126
2011	2012	1.10	1.13	3,315,772
2010	2011	1.10	1.13	3,230,794
2009	2010	0.95	0.98	2,911,661
2008	2009	1.03	0.92	2,816,329
2007	2008	1.03	1.03	2,811,901
2006	2007	1.03	1.16	2,475,690
2005	2006	1.15	1.15	2,377,593

\* Anticipated Levy as of June 30, 2015

See independent auditors' report.

**CITY OF PORTLAND, TENNESSEE  
CURRENT AND PRO FORMA DEBT SERVICE COVERAGE**

	Audited 2015	Pro Forma 2016	Pro Forma 2017	Pro Forma 2018	Pro Forma 2019	Pro Forma 2020
<b>Operating Revenues</b>						
Water Sales	\$3,557,974	\$3,807,032	\$3,883,173	\$3,960,836	\$4,040,053	\$4,120,854
Sewer Service	2,442,352	2,588,893	3,417,339	3,485,686	3,555,399	3,626,507
Tap Fees	105,707	107,821	109,978	112,177	114,421	116,709
Interest Income	6,060	6,181	6,305	6,431	6,560	6,691
<b>Total Operating Revenues</b>	<u>\$6,112,093</u>	<u>\$6,509,928</u>	<u>\$7,416,794</u>	<u>\$7,565,130</u>	<u>\$7,716,433</u>	<u>\$7,870,761</u>
<b>Operating Expenses</b>						
<b>Total Operating Expenses</b>	<u><del>\$4,654,991</del></u>	<u><del>\$4,748,091</del></u>	<u><del>\$4,843,053</del></u>	<u><del>\$4,939,914</del></u>	<u><del>\$5,038,712</del></u>	<u><del>\$5,139,486</del></u>
<b>Net Revenue Available for Debt Service</b>	\$1,457,102	\$1,761,837	\$2,573,741	\$2,625,216	\$2,677,721	\$2,731,275
<b>Current Max Annual Debt Service</b>	\$826,794	\$826,794	\$826,794	\$826,794	\$826,795	\$826,796
<b>Debt Service Coverage</b>	1.76 X	2.13 X	3.11 X	3.18 X	3.24 X	3.30 X
<b>Max Annual Debt Service after Series 2016</b>			\$1,350,244	\$1,350,244	\$1,350,244	\$1,350,245
<b>New Debt Service Coverage</b>			1.91 X	1.94 X	1.98 X	2.02 X

**Assumptions:**

Revenues and Expenses increase by 2% in Pro Forma years 2016 - 2020

FY 2016 includes a water rate increase of 5% and sewer rate increase of 4% implemented on 7/1/2015.

FY 2017 includes a sewer rate increase of 30% implemented on 7/1/2016.



100 South Russell Street, Portland, Tennessee 37148  
615-325-6776

July 20, 2016

Ms. Sandra Thompson, Assistant Secretary  
Tennessee Local Development Authority  
James K. Polk Building  
Suite 1600  
505 Deaderick Street  
Nashville, TN 37243

Dear Ms. Thompson:

On behalf of the City of Portland, Tennessee (the "City"), I am submitting this request that the Tennessee Local Development Authority (the "TLDA") consent to the issuance of an issue of proposed Series 2016 Water and Sewer Revenue Refunding and Improvement Bonds authorized under the 2016 master bond resolution on parity with the City's SRF Loan #2006-192. We believe that it is in the public interest for the TLDA to provide this consent because the refunding portion will result in the reduction of debt service on debt that is currently senior to the SRF Loan. In addition, parity status will improve the lien standing for this issue of water and sewer revenue bonds which will allow the City to achieve the lowest funding cost for system projects.

The governing body of the City intends to consider the bond resolution authorizing the Series 2016 Bonds at their regularly scheduled meeting on August 15, 2016.

Given our desire to comply with regulatory environmental mandates, it is our goal to obtain the lowest cost financing in the most expeditious manner possible to complete necessary sewer projects. With this plan, we are requesting that the TLDA allow the proposed debt to achieve parity with the SRF Loan and are hopeful for a positive outcome in a prompt manner. This would be ideal and allow us to leave the SRF Loan outstanding.

Parity status being granted timely achieves all the City's financing goals, including allowing 1) the greatest level of savings, 2) the most attractive lien structure, 3) prompt entry into the market to take advantage of low interest rates and 4) quick funding of projects necessitated by environmental mandates. **We respectfully request that the TLDA consent to the issuance of the Series 2016 proposed bonds authorized under the Series 2016 master bond resolution on parity with the City's SRF Loan # 2006-192.**

Simultaneously with this request, we have submitted a request for a report on a plan of refunding to the Office of State and Local Finance (the "Refunding Report Request"). The information presented is cross-referenced and should be used for the Committee's consideration. For ease of review, we have enclosed the Refunding Report Request as an attachment to this letter.

Should you have additional questions or require further information, please do not hesitate to contact any of the following individuals who have assisted the City in connection with the preparation of this request.

**City of Portland**

Doug Yoeckel, Finance Director  
[dyoeckel@cityofportlandtn.gov](mailto:dyoeckel@cityofportlandtn.gov)  
615.325.6776

Ken Wilber, Mayor  
[kmayor@cityofportlandtn.gov](mailto:kmayor@cityofportlandtn.gov)  
615.325.6776

**Wiley Bros.**

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Keener Billups  
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615.782.4101

**Bass, Berry & Sims**

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Lillian Blackshear  
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615.742.7902

Thank you for considering our request.

Respectfully,



Ken Wilber, Mayor

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program  
Funds Available for Loan Obligation  
August 11, 2016

Unobligated Balance as of June 9, 2016 \$ 122,487,688

Increases:

\$ \_\_\_\_\_

Unobligated Balance as of August 11, 2016 \$ 122,487,688

Applicants:

Loan Number

Loan Amount

Gordonsville

CW4 2017-377

\$ 125,000

\$ 125,000

Remaining Funds Available for Loan Obligations

\$ 122,362,688

# FACT SHEET

AUGUST 11, 2016

**Borrower:** Town of Gordonsville  
**Population:** 1,220  
**County:** Smith County  
**Consulting Engineer:** Warren and Associates Engineering, PLLC  
**Project Number:** CW4 2017-377  
**Priority List Ranking/Points:** 16(FY 2014)/45  
**Recommended Term:** 25 years  
**Recommended Rate:**  $(1.75 \times 90\%) - (0.25\%) = 1.33\%$   
**Project Description:** Collection System Expansion.

**Total Project Cost:** \$ 795,000

**Sources of Funding:**

SRF Loan Principal (93%)	\$ 116,250
Principal Forgiveness (7%)	\$ 8,750
Other Funds (SRF 2016-359)	\$ 61,500
Other Funds (CW4 2016-358)	\$ 608,500

**State-Shared Taxes:** \$ 146,348

**Debt Service:**

Prior Loans: (including SRF)	\$ 32,464	22.18%
Proposed Loan:	\$ <u>5,468</u>	<u>3.74%</u>
Total:	\$ 37,932	25.92%

**Residential User Charge:** (5,000 gal/month)

Current Rate: \$ 50.25

**Public Meeting:** July 13, 2015

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
Gordonsville  
CW4 2017-377**

The Local Government hereby represents that:

- (1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is \$146,348.
- (2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original \$/Amt	Principal Forgiveness	Max. Annual Debt Service
SRF/Sewer	CW4 2016-358	\$608,500	\$42,595	\$29,282
SRF/Sewer	SRF 2016-359	\$61,500	\$0	\$3,182

(b) The maximum aggregate annual debt service is \$32,464.

- (3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Sewer	1.33%	\$125,000	\$8,750	\$5,468

(b) The anticipated maximum aggregate annual debt service is \$5,468.

- (4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original \$/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

(b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is \$0.

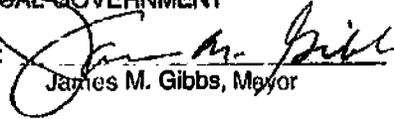
- (5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is \$37,932
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$108,416

Duly signed by an authorized representative of the Local Government on this 11<sup>TH</sup> day of  
JULY, 2016.

*This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon the approval by the Tennessee Local Development Agency.*

LOCAL GOVERNMENT

BY:

  
James M. Gibbs, Mayor

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program  
Funds Available for Loan Obligation  
August 11, 2016**

**Unobligated Balance as of June 9, 2016** **\$ 37,448,374**

<u><b>Increases:</b></u>	<u><b>Loan Number</b></u>	<u><b>Loan Amount</b></u>	
FY 2013 Admin Set-aside trfr to project funds		\$ 374,360	
Reduction to prior loans		* \$ 411,819	
		\$ 786,179	<b>\$ 786,179</b>

**Unobligated Balance as of August 11, 2016** **\$ 38,234,553**

<u><b>Applicants:</b></u>	<u><b>Loan Number</b></u>	<u><b>Loan Amount</b></u>	
Oakland	DG5 2016-179	\$ 1,249,850	
Paris	DWF 2016-178	\$ 500,000	
		\$ 1,749,850	<b>\$ 1,749,850</b>

**Remaining Funds Available for Loan Obligations** **\$ 36,484,703**

**\* Reductions to Prior Loans**

<u><b>Loan Decreases</b></u>	<u><b>Loan Number</b></u>	<u><b>Amount</b></u>	
Poplar Grove U. D.	DG0 2014-147	\$ 16,519	
Cross Anchor U. D.	DG1 2012-122	\$ 395,300	
Total Loan Decreases		\$ 411,819	<b>\$ 411,819</b>

# FACT SHEET

AUGUST 11, 2016

**Borrower:** **Oakland**  
**Population:** **9,983**  
**County:** Fayette County  
**Consulting Engineer:** **King Engineering Consultants Inc.,**  
**Project Number:** **DG5 2016-179**  
**Priority List Ranking/Points:** **29(FY 2015)/25**  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(1.96 \times 70\%) - (0.25\%) = 1.12\%$

**Project Description:** Green-Water Meter Replacement

**Total Project Cost:** \$ 1,249,850

**Sources of Funding:**

SRF Loan Principal (75%)	\$ 937,387
Principal Forgiveness (25%)	\$ 312,463
Local Funds	\$ -0-
Other Funds	\$ -0-

**State-Shared Taxes:** \$ 791,387

**Debt Service:**

Prior Loans: (including SRF)	\$ -0-	0%
Proposed Loan:	\$ <u>52,336</u>	6.61%
Total:	\$ <u>52,336</u>	6.61%

**Residential User Charge: (5,000 gal/month)**

Current Rate: \$ 17.60

**Public Meeting:** April 21, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
Oakland DG5 2016-179**

The Local Government hereby represents that:

(1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is \$791,387.

(2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original \$/Amt	Principal Forgiveness	Max: Annual Debt Service
N/A				

(b) The maximum aggregate annual debt service is \$0.

(3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Water	1.12%	\$1,249,850	\$312,463	\$52,336

(b) The anticipated maximum aggregate annual debt service is \$52,336

(4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original \$/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

(b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is \$0.

(5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is \$52,336.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$739,051.

Duly signed by an authorized representative of the Local Government on this 17th day of June, 2016.

*This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Agency.*

LOCAL GOVERNMENT

BY: Chris Goodman  
Chris Goodman, Mayor

# FACT SHEET

AUGUST 11, 2016

**Borrower:** City of Paris  
**Population:** 11,969  
**County:** Henry County  
**Consulting Engineer:** Jacobs Engineering Group  
**Project Number:** DWF 2016-178  
**Priority List Ranking/Points:** 7 (FY 2015)/45  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(1.83 \times 60\%) - (0.25\%) = 0.85\%$

**Project Description:** Design for WTP Improvements (Replace aging treatment process-Phase II)

**Total Project Cost:** \$ 500,000

**Sources of Funding:**

SRF Loan Principal	\$ 500,000
Other Funds	\$ -0-
Local Funds	\$ -0-

**State-Shared Taxes:** \$ 1,374,149

**Debt Service:**

Prior Loans: (including SRF)	<u>\$ 160,329</u>	11.67%
Proposed Loan:	<u>\$ 27,194</u>	1.98%
Total:	<u>\$ 187,523</u>	13.65%

**Residential User Charge:** (5,000 gal/month)

Current Rate:	\$ 22.25
Proposed Rate	\$ 24.50 (Effective Date: July 01, 2017)

**Public Meeting:** May 19, 2015

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
Paris, DWF 2016-178**

The Local Government hereby represents that:

- (1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is \$1,374,149.
- (2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original \$/Amt	Principal Forgiveness	Max: Annual Debt Service
SRF/Water	DW4 15-163	\$2,500,000	\$625,000	\$106,413
SRF/Water	DWF 15-164	\$950,000	\$0	\$53,916

- (b) The maximum aggregate annual debt service is \$160,329.
- (3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Water	0.85%	\$500,000	\$0	\$27,194

- (b) The anticipated maximum aggregate annual debt service is \$27,194.
- (4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original \$/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

- (b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is \$0.
- (5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is \$187,523.
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$1,186,626.

Duly signed by an authorized representative of the Local Government on this 18<sup>th</sup> day of July, 2016.

*This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Agency.*

LOCAL GOVERNMENT

BY: \_\_\_\_\_

Carlton Gerrell, Mayor