

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**MARCH 21, 2017**  
**AGENDA**

1. Call Meeting to Order
2. Approval of Minutes from the TLDA meeting of February 10, 2017
3. Consider for approval the following CWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Jackson Energy Authority SRF 2017-383	\$ 1,400,000	\$ -	\$ 1,400,000	1.55%
Trenton CW4 2017-386	\$ 3,604,827	\$ 271,331	\$ 3,876,158	0.70%
Trenton SRF 2017-392	\$ 6,123,842	\$ -	\$ 6,123,842	0.70%

4. Consider for approval the following DWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Big Creek UD DW2 2017-188	\$ 239,388	\$ 59,847	\$ 299,235	0.08%
Big Creek UD DWF 2017-189	\$ 200,765	\$ -	\$ 200,765	0.08%
Brighton DG3 2016-180	\$ 74,872	\$ 299,488	\$ 374,360	0.58%
Erwin DG5 2017-186	\$ 1,125,000	\$ 375,000	\$ 1,500,000	1.24%
Erwin DWF 2017-187	\$ 500,000	\$ -	\$ 500,000	1.24%

5. Consideration of Requests from the Tullahoma Utilities Authority (TUA)
  - a) Request from the TUA to assume the City of Tullahoma's State Revolving Fund loan obligation (CW0 12-297)
  - b) Request from the TUA to issue Water and Sewer Revenue Bonds in an amount not to exceed \$1,700,000 subordinate to its SRF loan (CW0 12-297)

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**February 10, 2017**

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Friday, February 10, 2017, at 10:15 a.m. in the State Capitol, Executive Conference Room, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

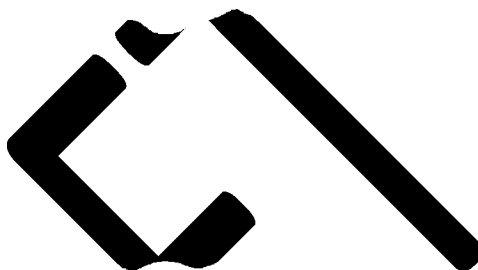
The Honorable Justin Wilson, Comptroller of the Treasury  
Whitney Goetz, Proxy for the Honorable David Lillard, State Treasurer  
Commissioner Larry Martin, Department of Finance and Administration

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.

Mr. Hargett asked for a motion to approve the minutes of the November 29, 2016, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Mr. Martin seconded the motion. Mr. Hargett performed a roll-call vote:

Mr. Wolfe—Yes  
Mr. Martin—Yes  
Mr. Wilson—Yes  
Ms. Goetz—Yes  
Mr. Hargett—Yes

The minutes were unanimously approved.

Mr. Wilson asked Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation (TDEC) SRF program to present the requests for Drinking Water State Revolving Fund (SRF) loans. Mr. Smith introduced Ms. Felicia Freeman, Senior Engineer with TDEC and stated she would present the loan requests. Ms. Freeman first presented the unobligated fund balance report. She stated the balance was \$49,954,798 as of November 29, 2016. An early payoff of a loan increased the balance by \$37,538. Upon approval of the loan requests to be presented totaling \$2,248,150, the funds available for loan obligations would decrease to \$47,744,186.

Mr. Wilson asked if a request had been made in the proposed budget for additional money for the Drinking Water program. Mr. Smith stated that TDEC was currently working on completing the priority ranking lists and the intended use plan. TDEC will hold a public meeting, as required, to request the FY17 federal capitalization grant. Mr. Smith also stated that TDEC would be presenting the priority ranking lists to the TLDA at a future meeting. Mr. Hargett asked Mr. Smith about state funds being requested. Mr. Smith replied that the Commissioner of TDEC would be requesting additional matching funds for this cycle in order to match more federal dollars.

Ms. Freeman then described the loan requests:

- Castalian Springs-Bethpage Water Utility District (DW5 2017-190)—Requesting \$1,245,980 (\$934,485 (75%) loan; \$311,495 (25%) principal forgiveness) for replacement of approximately 55,500 linear feet (LF) of old water lines and the addition of approximately 640 automatic meter reading (AMR) transmitters and associated software; recommended interest rate of 0.54% based on the Ability to Pay Index (ATPI).
- Castalian Springs-Bethpage Water Utility District (DWF 2016-174)—Requesting \$354,020 for replacement of approximately 55,500 LF of old water lines and the addition of approximately 640 AMR transmitters and associated software; recommended interest rate of 0.54% based on the ATPI.
- Gainesboro (DG5 2016-183)—Requesting \$648,150 (\$486,112 (75%) loan; \$162,038 (25%) principal forgiveness) for “green” water meters and waterline replacements (Replace approximately 6,000 LF of waterlines, approximately 13,130 LF of service lines, 375 meters and 4 zone flow meters); recommended interest rate of 0.69% based on the ATPI.

Mr. Wilson made a motion to approve the loans, and Mr. Hargett seconded the motion. Mr. Hargett preformed a roll-call vote:

Ms. Goetz—Yes  
Mr. Hargett—Yes  
Mr. Wilson—Yes  
Mr. Martin—Yes  
Mr. Wolfe—Yes

The motion was unanimously approved.

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

Mr. Wolfe—Yes  
Mr. Martin—Yes  
Mr. Wilson—Yes  
Mr. Hargett—Yes  
Ms. Goetz—Yes

The meeting was adjourned.

Approved on this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Clean Water State Revolving Fund (CWSRF) Loan Program**  
**Funds Available for Loan Obligation**  
**March 15, 2017**

**Unobligated Balance as of November 29, 2016** **\$ 161,981,714**

**Increases:**

Reduction to previous loans (see note below)	* \$ 12,494,358	
	\$ 12,494,358	\$ 12,494,358

**Unobligated Balance as of March 15, 2017** **\$ 174,476,072**

**Applicants:**

	<u>Loan Number</u>	<u>Loan Amount</u>
Jackson Energy Authority	SRF 2017-383	\$ 1,400,000
Trenton (Subsidized @ \$271,331)	CW4 2017-386	\$ 3,876,158
Trenton	SRF 2017-392	\$ 6,123,842
		\$ 11,400,000

**Remaining Funds Available for Loan Obligations** **\$ 163,076,072**

	<u>Loan Number</u>	<u>Amount</u>
* <b><u>Decrease to Previous Loans</u></b>		
Carthage	CW3 2014-344	\$ 265
Cleveland	CW0 2013-319	\$ 8
Murfreesboro	CW0 2012-303	\$ 206,816
Murfreesboro	SRF 2012-306	\$ 9,779,227
Roane County	CW0 2011-285	\$ 100,506
Water Authority of Dickson County	CW0 2012-295	\$ 506,950
White House	CG2 2013-326	\$ 4,000
		\$ 10,597,772
<b><u>Partial Payoff / Full Payoff</u></b>		
Tellico Area Services System - Loudon County	SRF 2007-198	\$ 125,000
Tellico Area Services System - Monroe County	SRF 2007-198A	\$ 125,000
West Knox Utility District	CWA 2009-245	\$ 1,646,586
		\$ 1,896,586
<b>Total Adjustments to Previous Loans</b>		<b>\$ 12,494,358</b>

# FACT SHEET

MARCH 15, 2017

**Borrower:** Jackson Energy Authority  
**Population:** 71,800  
**County:** ~~Madison~~ County  
**Consulting Engineer:** J.R. Wauford & Company, Consulting Engineers, Inc.,  
**Project Number:** SRF 2017-383  
**Priority List Ranking/Points:** 19(FY 2014)/30  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(2.57 \times 70\%) - (0.25\%) = 1.55\%$   
**Project Description:** WWTP Improvements (improvements to the Miller Ave WWTP)

**Total Project Cost:** \$ 3,400,000

**Sources of Funding:**

SRF Loan Principal	\$ 1,400,000
Local Funds	\$ -0-
Other Funds (CG2 2016-363)	\$ 2,000,000

**Gross Revenues:** \$ 16,437,711

**Debt Service:**

Prior Loans: (including SRF)	<u>\$ 4,216,687</u>	25.65%
Proposed Loan:	<u>\$ 81,455</u>	.50%
Total:	<u>\$ 4,298,142</u>	26.15%

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

Current Rate: \$ 31.48

**Public Meeting:** September 22, 2015

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO OUTSTANDING LOANS  
Jackson Energy Authority  
SRF 2017-383**

The Local Government hereby represents that:

- (1) The total amount of revenues of the system received by the Local Government in the prior fiscal year of the State is \$16,437,711.
- (2) (a) The prior loans which have been funded for which the Local Government has pledged its revenues are as follows:

Loan Type	Loan #	Original \$/Amt.	Principal Forgiveness	Max. Annual Debt Service
Revenue Bond	Series 2009	\$33,460,000	-	\$1,063,583
Revenue Bond	Series 2012	\$16,000,000	-	\$1,955,798
SRF/Sewer	CW0 13-313	\$2,150,000	\$531,050	\$83,742
SRF/Sewer	SRF 13-314	\$8,953,352	-	\$463,124
SRF/Sewer	CG2 16-363	\$2,000,000	-	\$115,480
SRF/Sewer	CG3 16-361	\$4,000,000	\$200,000	\$213,188
SRF/Sewer	CG4 16-362	\$4,000,000	\$280,000	\$208,700
SRF/Sewer	SRF 16-368	\$2,000,000	-	\$113,072

- (b) The maximum aggregate annual debt service is \$4,216,687.

- (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 revenues are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt.	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Sewer	1.55%	\$1,400,000	-	\$81,455


- (b) The anticipated maximum aggregate annual debt service is \$81,455.

- (4) The amount of Local Government indebtedness (Subparagraphs (2)(b) and (3)(b) having a lien on the revenues referred above is \$4,298,142.
- (5) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (4) is \$12,139,569.

Duly signed by an authorized representative of the Local Government on this 16<sup>th</sup> day of December, 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:   
Stephen B. Raper, Senior Vice President

# FACT SHEET

MARCH 15, 2017

**Borrower:** Trenton  
**Population:** 4,658  
**County:** Gibson County  
**Consulting Engineer:** J.R. Wauford & Company, Consulting Engineers, Inc.  
**Project Number:** CW4 2017-386  
**Priority List Ranking/Points:** 3, 27 (FY 2016)/118.40, 30  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(2.38 \times 40\%) - (0.25\%) = 0.70\%$

**Project Description:** Wastewater Treatment Plant Upgrades (Construction of a 1.6 MGD SBR, mechanical bar screen with grit removal, and chlorine contact tank; and the conversion of the existing lagoons to aerobic sludge digesters) and I/I Correction (Rehabilitation of the Collection System to include flow monitoring, smoke testing, and CCTVing; rehabilitating the sewer lines by methods of pipe bursting, cured-in-place piping and/or replacement; and renovating the pump stations)

**Total Project Cost:** \$ 10,000,000

## Sources of Funding:

SRF Loan Principal (93%)	\$ 3,604,827
Principal Forgiveness (7%)	\$ 271,331
Other Funds (SRF 2017-392)	\$ 6,123,842

**State-Shared Taxes:** \$ 561,225

## Debt Service:

Prior Loans: (including SRF)	\$ 9,716	1.73%
Proposed Loan:	<u>\$ 521,420</u>	<u>92.91%</u>
Total:	\$ 531,136	94.64%

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

Current Rate:	\$ 33.60
Propose Rates	\$ 40.32 (Effective Date: October 01, 2017)
	\$ 48.37 (Effective Date: October 01, 2018)
	\$ 58.05 (Effective Date: October 01, 2019)

**Public Meeting:** October 10, 2016



**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
City of Trenton  
CW4 2017-386**

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 \$561,225.

- (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	Max: Annual Debt Service
TLDA	5130501	\$87,991	\$9,716

- (b) The maximum aggregate annual debt service is \$9,716.

- (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	0.70%	\$6,123,842	-	\$328,215
SRF/Sewer	0.70%	\$3,876,158	\$271,331	\$193,205

- (b) The anticipated maximum aggregate annual debt service is \$521,420.

- (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 \$531,136.

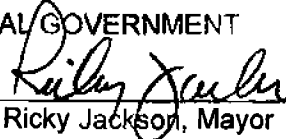
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$30,089.

Duly signed by an authorized representative of the Local Government on this 25<sup>th</sup> day of January, 2017.

*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:

  
\_\_\_\_\_  
Ricky Jackson, Mayor

# FACT SHEET

MARCH 15, 2017

**Borrower:** Trenton  
**Population:** 4,658  
**County:** Gibson County  
**Consulting Engineer:** J.R. Wauford & Company, Consulting Engineers, Inc.  
**Project Number:** SRF 2017-392  
**Priority List Ranking/Points:** 3, 27 (FY 2016)/118.40, 30  
**Recommended Term:** 20 years

**Recommended Rate:**  $(2.38 \times 40\%) - (0.25\%) = 0.70\%$

**Project Description:** Wastewater Treatment Plant Upgrades (Construction of a 1.6 MGD SBR, mechanical bar screen with grit removal, and chlorine contact tank; and the conversion of the existing lagoons to aerobic sludge digesters) and I/I Correction (Rehabilitation of the Collection System to include flow monitoring, smoke testing, and CCTVing; rehabilitating the sewer lines by methods of pipe bursting, cured-in-place piping and/or replacement; and renovating the pump stations)

**Total Project Cost:** \$ 10,000,000

**Sources of Funding:**

SRF Loan Principal	\$ 6,123,842
Other Funds (CW4 2017-386)	\$ 3,876,158

**State-Shared Taxes:** \$ 561,225

**Debt Service:**

Prior Loans: (including SRF)	\$ 9,716	1.73%
Proposed Loan:	<u>\$ 521,420</u>	<u>92.91%</u>
Total:	\$ 531,136	94.64%

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

Current Rate:	\$ 33.60
Propose Rates	\$ 40.32 (Effective Date: October 01, 2017)
	\$ 48.37 (Effective Date: October 01, 2018)
	\$ 58.05 (Effective Date: October 01, 2019)

**Public Meeting:** October 10, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
City of Trenton  
SRF 2017-392**

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 \$561,225.
- (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	Max. Annual Debt Service
TLDA	5130501	\$87,991	\$9,716

- (b) The maximum aggregate annual debt service is \$9,716.
- (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	0.70%	\$6,123,842	-	\$328,215
SRF/Sewer	0.70%	\$3,876,158	\$271,331	\$193,205

- (b) The anticipated maximum aggregate annual debt service is \$521,420.
- (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 \$531,136.
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$30,089.

Duly signed by an authorized representative of the Local Government on this 25<sup>th</sup> day of January, 2017.

*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: Ricky Jackson

Ricky Jackson, Mayor

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program**  
**Funds Available for Loan Obligation**  
**March 15, 2017**

**Unobligated Balance as of February 10, 2017** **\$ 47,744,186**

<u><b>Increases:</b></u>	<u><b>Loan Number</b></u>	<u><b>Loan Amount</b></u>
Loan Decreases (see note below)	*	\$ 155,288
		<u>\$ 155,288</u>

**Unobligated Balance as of March 15, 2017** **\$ 47,899,474**

<u><b>Applicants:</b></u>	<u><b>Loan Number</b></u>	<u><b>Loan Amount</b></u>
Big Creek Utility District (Subsidized @ \$59,847)	DW2 2017-188	\$ 299,235
Big Creek Utility District	DWF 2017-189	\$ 200,765
** Brighton (Subsidized @ \$299,488)	DG3 2016-180	\$ 374,360
Erwin (Subsidized @ \$375,000)	DG5 2017-186	\$ 1,500,000
Erwin	DWF 2017-187	<u>\$ 500,000</u>
		<u>\$ 2,874,360</u>

**Remaining Funds Available for Loan Obligations** **\$ 45,025,114**

\* Change to previous loans

<u><b>Loan Decreases</b></u>	<u><b>Loan Number</b></u>	<u><b>Amount</b></u>
Lebanon	DWF 2012-129	\$ 37,493
Lebanon	DW1 2012-128	<u>\$ 117,795</u>
		<u>\$ 155,288</u>

\*\* Please see attached memo from TDEC.

Tennessee Department of Environment and Conservation  
State Revolving Fund Loan Program Office Correspondence

Date: March 9, 2017

To: Tennessee Local Development Authority

From: Sherwin N. Smith, Director, SRF Loan Program



Re: Town of Brighton Loan Request

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This memorandum is submitted to address a request for additional information relative to a State Revolving Fund Loan request pertaining to the Town of Brighton. Information contained herein should provide additional clarity and explanation of the composition of this project loan request.

In 2016, the SRF program was attempting to work with the Town of Brighton to fund a needed water meter replacement project. Due to lack of financial strength and necessary user rate increases to provide such financial sufficiency, the project was in danger of being rejected by the Town of Brighton.

Coincidentally, around this time, the USEPA was discussing spending pace with the SRF program and was encouraging the SRF program to spend federal funding more quickly. This discussion included not only project funding but also set-aside funding from the capitalization grants as well. The federal regulations provide latitude for federal funds to be set-aside from the capitalization grants for a number of activities including a 4% set-aside for administration of the SRF program. In order to comply with the request to spend federal funding more quickly, the SRF program inquired if the administrative set-aside funding could be utilized and provided as a loan. USEPA responded that such use of the set-aside funds was allowable and represented a good use of the funding. The SRF program decided to utilize \$374,360 of its set-aside funding to provide loan funding to a project.

Due to the amount of set-aside funding being similar to that requested by the Town of Brighton, the SRF program decided to offer this funding to the Town of Brighton. Other factors considered in this decision included the need for the project, the Town's lack of affluency (30% Ability to Pay), the small population size of the Town and the project was considered as a Green project due to energy savings. Further, without significant assistance the project was likely to be rejected. In an effort to assist the Town to the highest degree possible, the SRF program elected to offer this funding with 80% principal forgiveness and 20% loan. Even with this amount of principal forgiveness, the Town's user rates had to be increased approximately 10% to demonstrate the financial ability to repay the loan. Additionally, the Town remains in a financially distressed position as evidenced by its being subject to the oversight of the Water and Wastewater Finance Board.

It should be noted that this funding was made available from set-aside funds, as described above, that would not otherwise be included in the project funding for SRF. This funding does not prevent any other community from receiving funding assistance. It does provide additional funding that will eventually be paid back to the State Revolving Fund.

# FACT SHEET

MARCH 15, 2017

**Borrower:** Big Creek Utility District  
**Population:** 7,836  
**County:** Grundy, Marion, Sequatchie Counties  
**Consulting Engineer:** James C. Hailey & Company  
**Project Number:** DW2 2017-188  
**Priority List Ranking/Points:** 8(FY 2012)/45  
**Recommended Term:** 5 years  
**Recommended Rate:**  $(1.09 \times 30\%) - (0.25\%) = 0.08\%$

**Project Description:** New clearwell and back wash pumpstation.

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

**Sources of Funding:**

SRF Loan Principal (80%)	\$ 239,388
Principal Forgiveness (20%)	\$ 59,847
Other Funds (DWF 2017-189)	\$ 200,765

**Gross Revenues:** \$ 1,654,009

**Debt Service:**

Prior Loans: (including SRF)	\$ 252,612	15.27%
Proposed Loan:	\$ 88,210	5.33%
Total:	\$ 340,822	20.60%

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

Current Rate: \$ 37.65

**Public Meeting:** November 21, 2016



**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO OUTSTANDING LOANS  
Big Creek Utility District, DW2 2017-188**

The Local Government hereby represents that:

- (1) The total amount of revenues of the system received by the Local Government in the prior fiscal year of the State is \$1,654,009.
- (2) (a) The prior loans which have been funded for which the Local Government has pledged its revenues are as follows:

Loan Type	Loan #	Original Amount	Principal Forgiveness	Max. Annual Debt Service
Water Revenue Bond	2005	\$594,000	-	\$32,724
Waterworks Revenue Refunding Bond	2014	\$1,079,479	-	\$135,060
SRF/Water	DW2 13-135	\$1,936,000*	\$424,153*	\$84,828

\*Net of reduction

- (b) The maximum aggregate annual debt service is \$252,612.
- (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 revenues are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt.	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Water	0.08%	\$200,765	-	\$40,235
SRF/Water	0.08%	\$299,235	\$59,847	\$47,975

- (b) The anticipated maximum aggregate annual debt service is \$88,210.

- (4) The amount of Local Government indebtedness (Subparagraphs (2)(b) and (3)(b) having a lien on the revenues referred above is \$340,822.
- (5) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (4) is \$1,313,187.

Duly signed by an authorized representative of the Local Government on this 16<sup>th</sup> day of JANUARY, 2017.

*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: Bobby Thompson  
Bobby Thompson, President

# FACT SHEET

MARCH 15, 2017

**Borrower:** Big Creek Utility District  
**Population:** 7,836  
**County:** Grundy, Marion, Sequatchie Counties  
**Consulting Engineer:** James C. Hailey & Company  
**Project Number:** DWF 2017-189  
**Priority List Ranking/Points:** 8(FY 2012)/45  
**Recommended Term:** 5 years  
**Recommended Rate:**  $(1.09 \times 30\%) - (0.25\%) = 0.08\%$

**Project Description:** New clearwell and backwash pumpstation.

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

**Sources of Funding:**

SRF Loan Principal \$ 200,765  
Other Funds (DW2 2017-188) \$ 299,235

**Gross Revenues:** \$ 1,654,009

**Debt Service:**

Prior Loans: (including SRF)	\$ <del>252,612</del>	15.27%
Proposed Loan:	\$ <u>88,210</u>	<u>5.33%</u>
Total:	\$ 340,822	20.60%

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

Current Rate: \$ 37.65

**Public Meeting:** November 21, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO OUTSTANDING LOANS  
Big Creek Utility District, DWF 2017-189**

The Local Government hereby represents that:

- (1) The total amount of revenues of the system received by the Local Government in the prior fiscal year of the State is \$1,654,009.
- (2) (a) The prior loans which have been funded for which the Local Government has pledged its revenues are as follows:

Loan Type	Loan #	Original Amount	Principal Forgiveness	Max. Annual Debt Service
Water Revenue Bond	2005	\$594,000	-	\$32,724
Waterworks Revenue Refunding Bond	2014	\$1,079,479	-	\$135,060
SRF/Water	DW2 13-135	\$1,936,000*	\$424,153*	\$84,828

\*Net of reduction

- (b) The maximum aggregate annual debt service is \$252,612.
- (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 revenues are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt.	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Water	0.08%	\$200,765	-	\$40,235
SRF/Water	0.08%	\$299,235	\$59,847	\$47,975

- (b) The anticipated maximum aggregate annual debt service is \$88,210.

- (4) The amount of Local Government indebtedness (Subparagraphs (2)(b) and (3)(b) having a lien on the revenues referred above is \$340,822.
- (5) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (4) is \$1,313,187.

Duly signed by an authorized representative of the Local Government on this 19<sup>th</sup> day of December, 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: Bobby Thompson  
Bobby Thompson, President

# FACT SHEET

MARCH 15, 2017

**Borrower:** Brighton  
**Population:** 3,467  
**County:** Tipton County  
**Consulting Engineer:** King Engineering Consultants  
**Project Number:** DG3 2016-180  
**Priority List Ranking/Points:** 23(FY 2015)/25  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(2.75 \times 30\%) - (0.25\%) = 0.58\%$

**Project Description:** Green-Water Meters Replacements (Replace approximately 1,400 meters with AMR).

**Total Project Cost:** \$ 374,360

**Sources of Funding:**

SRF Loan Principal (20%)	\$ 74,872
Principal Forgiveness (80%)	\$ 299,488
Other Funds	\$ -0-

**State-Shared Taxes:** \$ 353,462

**Debt Service:**

Prior Loans: (including SRF)	\$ -0-	0.0%
Proposed Loan:	\$ <u>3,966</u>	<u>1.12%</u>
Total:	\$ 3,966	1.12%

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

**Current Rate:** \$ 35.18

**Public Meeting:** November 21, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
Brighton DG3 2016-180**

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 \$353,462.
- (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	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	0.58%	\$374,360	\$299,488	\$3,966

- (b) The anticipated maximum aggregate annual debt service is \$3,966.
- (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 \$3,966.
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$349,496.

★ Brighton is under the jurisdiction of the NWFB for Amancial distress.

Duly signed by an authorized representative of the Local Government on this 6<sup>th</sup> day  
of January, 2017.

*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:

  
Sarah Crocker, Mayor



# FACT SHEET

MARCH 15, 2017

**Borrower:** Town of Erwin  
**Population:** 12,206  
**County:** Unicoi County  
**Consulting Engineer:** McGill Associates  
**Project Number:** DG5 2017-186  
**Priority List Ranking/Points:** 8(FY 2015)/45  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(2.48 \times 60\%) - (0.25\%) = 1.24\%$   
**Project Description:** Green- Distribution System Improvements ( Install AMI meters and replace old/undersized waterlines).

**Total Project Cost:** \$ 2,000,000

**Sources of Funding:**

SRF Loan Principal (75%)	\$ 1,125,000
Principal Forgiveness (25%)	\$ 375,000
Other Funds (DWF 2017-187)	\$ 500,000

**State-Shared Taxes:** \$ 783,724

**Debt Service:**

Prior Loans: (including SRF)	<del>\$ 190,331</del>	24.28%
Proposed Loan:	<del>\$ 91,783</del>	<u>11.71%</u>
Total:	<del>\$ 282,114</del>	35.99%

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

Current Rate: \$ 24.54

**Public Meeting:** September 28, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
Erwin  
DG5 2017-186**

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 \$783,724

(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 Forgiven	Max. Annual Debt Service
SRF/Sewer	CG3 14-341	\$4,000,000	\$200,000	\$154,979
SRF/Water	DW0 11-114	\$700,000	\$140,000	\$35,352

(b) The maximum aggregate annual debt service is \$190,331

(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 Forgiven	Anticipated Max. Annual Debt Service
<b>SRF/Water</b>	<b>1.24%</b>	<b>\$1,500,000</b>	<b>\$375,000</b>	<b>\$63,542</b>
SRF/Water	1.24%	\$500,000	-	\$28,241

(b) The anticipated maximum aggregate annual debt service is \$91,783

(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 \$282,114

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$501,610

Duly signed by an authorized representative of the Local Government on this 24 day of January, 2017.

*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: Lee H. Brown  
Lee H. Brown, General Manager

# FACT SHEET

MARCH 15, 2017

**Borrower:** Town of Erwin  
**Population:** 12,206  
**County:** Unicoi County  
**Consulting Engineer:** McGill Associates  
**Project Number:** DWF 2017-187  
**Priority List Ranking/Points:** 8(FY 2015)/45  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(2.48 \times 60\%) - (0.25\%) = 1.24\%$   
**Project Description:** Green- Distribution System Improvements ( Install AMI meters and replace old/undersized waterlines).

**Total Project Cost:** \$ 2,000,000

**Sources of Funding:**

SRF Loan Principal \$ 500,000  
Other Funds (DG5 2017-186) \$ 1,500,000

**State-Shared Taxes:** \$ 783,724

**Debt Service:**

Prior Loans: (including SRF)	<u>\$ 190,331</u>	24.28%
Proposed Loan:	<u>\$ 91,783</u>	11.71%
Total:	<u>\$ 282,114</u>	35.99%

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

Current Rate: \$ 24.54

**Public Meeting:** September 28, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES**

**Erwin  
DWF 2017-187**

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 \$783,724

(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 Forgiven	Max. Annual Debt Service
SRF/Sewer	CG3 14-341	\$4,000,000	\$200,000	\$154,979
SRF/Water	DW0 11-114	\$700,000	\$140,000	\$35,352

(b) The maximum aggregate annual debt service is \$190,331

(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 Forgiven	Anticipated Max. Annual Debt Service
SRF/Water	1.24%	\$1,500,000	\$375,000	\$63,542
SRF/Water	1.24%	\$500,000	-	\$28,241

(b) The anticipated maximum aggregate annual debt service is \$91,783

(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 \$282,114

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$501,610

Duly signed by an authorized representative of the Local Government on this 24 day of January, 2017.

*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: Lee H. Brown  
Lee H. Brown, General Manager



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

**TULLAHOMA UTILITY AUTHORITY  
REQUEST TO ASSUME SRF LOAN OBLIGATION  
AND  
REQUEST TO ISSUE ADDITIONAL DEBT**

Tullahoma Utilities Authority (TUA) is requesting that the Tennessee Local Development Authority (the "TLDA") permit it to assume the City of Tullahoma's (the "City") outstanding State Revolving Fund (SRF) loan. Additionally, the TUA requests the approval of the TLDA to issue additional debt which is required by the TLDA SRF Policy and Guidance for Borrowers.

Private Chapter 54 of the Private Acts of 2016 (the "Act") permitted the City to create TUA as a public corporation and political subdivision of the State of Tennessee for its utilities. TUA's creating Act requires that it defease, retire, or assume the outstanding debt of the City related to the utilities by July 31, 2018. TUA's Act permits it to assume or refinance the City's utility debt. Fiscal Year 2017 is TUA's first year of operations.

TUA submitted the following:

1) Request to Assume SRF Loan Obligation

- A letter to the TLDA requesting approval to assume the City of Tullahoma's State Revolving Fund CW0 12-297 Loan Agreement (SRF Loan) related to TUA's Wastewater System as a SRF Loan secured solely by the revenues of TUA.

Note: The letter also stated that TUA intends to refinance all of the City's outstanding debt associated with the City's existing utilities other than the Wastewater System's SRF Loan which it intends to assume and the \$55,000 balance of the Water and Wastewater Revenue and Tax Bonds, Series 1997, which it intends to pay in full.

2) Request to Issue Additional Debt

- A separate request letter to the TLDA requesting approval to issue additional debt subordinate to the SRF Loan to refinance the City's debt noted above.

**Financial Information**

- TUA submitted its FY2016 audited financial statements as the Tullahoma Utilities Board (TUB) as part of the request.

### Statement of Net Position

- The Wastewater system had a \$910,646 cash and cash equivalents balance at June 30, 2016.
- Total debt for the Wastewater system at June 30, 2016, was \$4,267,391 including a current portion of \$358,701.

### Statement of Revenues Changes in Net Position

- FY2016 Operating income for TUB's Wastewater System was \$433,849.
- FY2016 Change in net position for TUB's Wastewater System was \$583,340.

### Statement of Cash Flows

- Cash for operations from TUB's Wastewater System in FY 2016 was \$1,513,440.
- Cash payments for TUB's debt service in FY 2016 were \$696,648.
- TUB's net increase in cash for FY 2016 was \$512,030.
- TUB's debt service coverage to net revenues was 2.31X for fiscal year 2016.
- Ms. Mary Mealer, Vice-President of Administration/CFO, of TUA provided forecasted debt service coverage to net revenues and condensed projected statements of changes for the Wastewater System.
  - 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 3.21X to 4.61X for fiscal years 2017 through 2020.
  - Pro forma revenues are based on 2% increase year over year. Pro forma operating expenses are based on 2% increase year over year.
- TUA is current on its SRF Loan payments.
- A security deposit of approximately \$223,980 will be required from TUA.

### Conclusion

- 1) TUA appears to have the capacity to assume the City's SRF Loan and to meet its other debt obligations.
- 2) TUA appears to meet the requirements for approval to issue additional debt subordinate to the SRF loan it will assume.





## TULLAHOMA UTILITIES AUTHORITY

Electricity, Water, Wastewater  
Television, Internet, Telephone

901 S. Jackson St.  
Tullahoma, TN 37388

931-455-4515

[www.tub.net](http://www.tub.net)



January 16, 2017

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

Dear Ms. Thompson:

As you are aware, the Tullahoma Utilities Board has recently changed its name to Tullahoma Utilities Authority, and is no longer a municipal government entity but now a state government entity. Private Chapter No. 54, HB2633 of the 109<sup>th</sup> General Assembly, was passed on April 27, 2016.

TUA has requested that State Revolving Loan, CWO 2012-297 be reclassified in order to remove it from the City of Tullahoma's backing. TUA has additional outstanding debt that will be paid in full or refinanced as soon as a decision is reached regarding that SRF loan. I have included a current debt service schedule for Tullahoma Utilities Authority Water and Sewer Systems. The \$55,000 balance of the 1997 Water Bond will be paid in full and the remaining debt will be refinanced. As a monopoly utility for water and sewer services, we have the ability to raise rates to always be able to cover our debt and operating expenses, therefore, the State will incur no additional risk.

I have also included, for your review, a copy of our audited financial statements for FY2016 as well as the other information that you requested. Please feel free to contact me if you have any questions or need additional information that would assist in this determination.

We appreciate your consideration and anxiously await your decision.

Sincerely,

TULLAHOMA UTILITIES AUTHORITY

Mary Mealer  
Vice-President of Administration/CFO

	<u>Loan</u>	<u>Principal paid</u>	<u>Interest paid</u>	<u>Scheduled Payoff</u>	<u>Original Loan Amount</u>	<u>Balance as of 1/12/17</u>
1	Series 1997 WT Bond	October	October & April	10/1/2017	\$ 720,000.00	\$ 55,000.00
2	WT-TML *	May	monthly	5/25/2020	\$ 4,708,000.00	\$ 1,368,000.00
8	WT Bond AMI	January	July & January	1/1/2022	\$ 900,000.00	\$ 480,000.00
9	SW Bond AMI	January	July & January	1/1/2022	\$ 700,000.00	\$ 375,000.00
11	SW SRF CWO 12-297	monthly	monthly	11/30/2034	\$ 4,000,000.00	\$ 3,609,610.00

Sewer	AUDITED							FORECASTED					
	2010	2011	2012	2013	2014	2015	2016	Average	2017	2018	2019	2020	
Revenue	3,237,311.00	3,463,124.00	3,503,625.00	3,818,757.00	3,844,043.00	3,969,935.00	3,918,651.00	3,679,349.43	3,997,024.02	4,076,964.50	4,158,503.79	4,241,673.87	
expenses	3,229,523.00	3,210,821.00	3,197,676.00	3,135,452.00	3,229,774.00	3,405,410.00	3,484,802.00	3,270,494.00	3,554,498.04	3,625,588.00	3,698,099.76	3,772,061.76	
non operating	(62,684.00)	(72,244.00)	(40,332.00)	20,242.00	8,540.00	134,764.00	54,294.00	6,082.86	55,379.88	56,487.48	57,617.23	58,769.57	
capital contribution	25,022.00	287,418.00	24,988.00	446,530.00	766,249.00			310,041.40					
net income	(29,874.00)	467,477.00	290,605.00	1,150,077.00	1,389,058.00	699,289.00	488,143.00	636,396.43	497,905.86	507,863.98	518,021.26	528,381.68	
cash flow beg	1,127,208.00	864,222.00	740,552.00	990,922.00	1,062,729.00	1,396,376.00	1,387,591.00	1,081,371.43					
cash flow end	864,222.00	740,552.00	990,922.00	1,062,729.00	1,396,376.00	1,387,591.00	1,909,621.00	1,193,144.71					
change in cash flow	(262,986.00)	(123,670.00)	250,370.00	71,807.00	333,647.00	(8,785.00)	522,030.00	111,773.29	532,470.60	543,120.01	553,982.41	565,062.06	
Revenue % change	2.00%								Operating Revenues	3,997,024.02	4,076,964.50	4,158,503.79	4,241,673.87
expenses % change	2.00%								Nonoperating Revenues	55,379.88	56,487.48	57,617.23	58,769.57
non operating % change	2.00%								Oper Exp (excluding depc'n)	(2,725,371.66)	(2,779,879.09)	(2,835,476.68)	(2,892,186.21)
capital contribution % change									Net Revenues	1,327,032.24	1,353,572.88	1,380,644.34	1,408,257.23
Net income % Change	2.00%								Annual Debt Service	413,926.40	305,330.00	305,370.00	305,356.00
Change in cash flow % change	2.00%								Debt Service Coverage Ratio	3.21	4.43	4.52	4.61
									(Net Revenues/Annual Debt Service)				

## ASSIGNMENT, ASSUMPTION AND TERMINATION AGREEMENT

This Assignment, Assumption and Termination Agreement (this "Agreement") by and among the City of Tullahoma (the "City"), Tullahoma Utilities Authority ("TUA"), the Tennessee Department of Environment and Conservation (the "Department") and the Tennessee Local Development Authority (the "Authority").

WHEREAS, the City has borrowed funds from the Wastewater Revolving Loan Fund created by the Tennessee Wastewater Facilities Act of 1987, as amended, which loan is evidenced by a loan agreement (the "Original Agreement") in the original principal amount of Five Million Dollars (\$5,000,000.00) entered into on or about September 26, 2011, by and among the City, the Department and the Authority and the outstanding balance of which is referred to as the "Outstanding Indebtedness"; and

WHEREAS, the City has determined to transfer its water and wastewater treatment and distribution and collection facilities to TUA (a local government unit created by Private Chapter No. 54 of the Private Acts of the 109th Tennessee General Assembly) subject to satisfaction of conditions precedent to closing; and

WHEREAS, TUA would like to assume the Outstanding Indebtedness and the Department and the Authority are willing to agree to such assumption on the conditions that the Original Agreement be terminated and that TUA enter into a new loan agreement (the "New Loan Agreement") with the Department and the Authority to replace the Original Loan Agreement;

NOW THEREFORE, in consideration of the previous, the parties agree as follows:

- (1) The City hereby assigns all of its rights, title and interest in the Outstanding Indebtedness to TUA.
- (2) TUA hereby assumes the Outstanding Indebtedness of the City and, as a condition thereof, TUA agrees that it will enter into the New Loan Agreement and that the terms and conditions of the New Loan Agreement shall be the same as those contained in the draft loan agreement attached hereto as Exhibit "A".
- (3) TUA agrees to be subject to the jurisdiction of the Utility Management Review Board created pursuant to Tennessee Code Annotated Title 7, Chapter 82.
- (4) The Department and the Authority hereby release the City from liability for the Outstanding Indebtedness and terminate the Original Agreement.
- (5) This Agreement shall not be effective until such time as each of the following events shall have occurred:

- i. This Agreement has been executed by all parties hereto.
  - ii. TUA has furnished evidence satisfactory to the Department and to the Authority that the City's water and wastewater systems have been transferred to TUA.
  - iii. TUA has complied with all terms and conditions of the New Loan Agreement and the New Loan Agreement has been executed by all parties thereto.
- (6) This Agreement may be executed in one or more counterparts, each of which shall be treated as an original.

TULLAHOMA UTILITIES AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

CITY OF TULLAHOMA

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**AUTHORIZING RESOLUTION** 02232019

RESOLUTION AUTHORIZING AND PROVIDING FOR THE FINANCING OF THE CONSTRUCTION OF A WASTEWATER FACILITIES PROJECT, INCLUDING AUTHORIZING THE EXECUTION OF APPLICATIONS, CONTRACTUAL AGREEMENTS, AND OTHER NECESSARY DOCUMENTS, AND MAKING CERTAIN REPRESENTATIONS, CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN CONNECTION WITH SUCH FINANCING.

WHEREAS, the Tullahoma Utilities Authority is a public and governmental body in Tullahoma, Tennessee (the "Local Government");

WHEREAS, the Local Government has determined that it is necessary and desirable to undertake certain activities or tasks in connection with a wastewater facilities project, Department of Environment and Conservation Number CWO 2012-297 (the "Project"), in and for the Local Government;

WHEREAS, Tennessee Code Annotated, Section 68-221-1001 et. seq., provide for the lending of moneys in the wastewater facilities Revolving Loan Fund to Local Governments for the purpose of providing funds for Project Loans;

WHEREAS, the City of Tullahoma borrowed funds from the Revolving Loan Fund, and entered loan agreement Number CWO 2012-297 in the original principal amount of Five Million Dollars (\$5,000,000.00) on or about September 26, 2011;

WHEREAS, Pursuant to Tennessee Code Annotated § 68-221-1005(k), a local government may assign its rights and obligations accrued pursuant to Tennessee Code Annotated Title 68, Chapter 221, Part 10, to any other local government entity;

WHEREAS, the City of Tullahoma has agreed to assign, and the Local Government has agreed to assume, the outstanding indebtedness of the City of Tullahoma under loan agreement Number CWO 2012-297 under certain conditions; and

WHEREAS, the local Government has determined that it is necessary and advisable to borrow funds for the Project pursuant to these sections.

NOW, THEREFORE, be it resolved as follows:

**Section 1.** Local Government hereby approves the creation of indebtedness on behalf of the Local Government in the principal amount of FIVE MILLION DOLLARS (\$5,000,000) by the obtaining of a Project Loan.

**Section 2.** The execution and delivery of the Application for a Project Loan in the principal amount of FIVE MILLION DOLLARS (\$5,000,000) for the purpose of funding all or a portion of the total estimated cost of the Project FIVE MILLION DOLLARS (\$5,000,000), by Brian Skelton, the President of the Local Government, is hereby ratified and approved in all respects.

**Section 3.** The form, terms, and provisions of the agreement for the Project Loan among the Local Government, the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority (the "Loan Agreement"), as presented at this meeting, are hereby approved.

**Section 5.** The Local Government hereby agrees to make the monthly payments on the Project Loan in accordance with the Payment Schedule to be attached to the Loan Agreement.

**Section 6.** The Local Government hereby agrees to levy fees, rates or charges for services provided by the Project sufficient to pay the interest on and principal of the Project Loan in accordance with the Loan Agreement. The Local Government also agrees to levy fees, rates, or charges sufficient to pay the costs of operation and maintenance of the wastewater system of which the Project is a part, which costs shall include depreciation and all other debt service expense of the system.

**Section 7.** The Local Government assigns and pledges its Security Deposit to the State and consents to the withholding and application of Security Deposit in the event of failure by the Local Government to remit monthly payments in accordance with the terms of the Loan Agreement, as the Loan Agreement may be supplemented or amended from time to time.

**Section 8.** The Local Government hereby agrees that there are no local pledges of revenues other than those disclosed.

**Section 9.** The Local Government hereby agrees to obtain alternative methods of financing for all costs necessary for the completion of the Project which are in excess of the combined financing provided by any agency of the United States Government and by the Tennessee Local Development Authority.

**Section 10.** The President of the Local Government is authorized and directed to execute the Loan Agreement, and any amendments or supplements to the Loan Agreement, in the name and behalf of the Local Government; to deliver such documents to the other parties to such documents, such execution and delivery to be conclusive proof of the approval of the Local Government of such documents; and to take such further action and to execute and deliver such further instruments or documents as such officer may consider necessary or advisable in connection with the Loan Agreement. Provided, however, this resolution shall not be deemed to grant authority to the named officer to approve any increase in the amount of the Project Loan.

**Section 11.** All orders or resolutions in conflict with this resolution be and the same are repealed insofar as such conflict exists. This resolution shall become effective immediately upon its passage

Duly passed and approved this 23<sup>rd</sup> day of February, 2017

R. Brian Skelton  
Brian Skelton, President

**WITNESS:**

\_\_\_\_\_  
(Affix Seal as Appropriate)

Mary Mealer, VP of Administration / CFO  
(Signature and Title)



**TULLAHOMA  
UTILITIES AUTHORITY**

# TULLAHOMA UTILITIES AUTHORITY

Electricity, Water, Wastewater

Television, Internet, Telephone

901 S. Jackson St.

Tullahoma, TN 37388

931-455-4515

[www.tub.net](http://www.tub.net)



March 06, 2017

Assistant Secretary  
Tennessee Local Development Authority  
Suite 1600, James K. Polk State Office Building  
505 Deaderick Street  
Nashville, TN. 37243-1402

## VIA FEDERAL EXPRESS

RE: Tullahoma Utilities Authority

Dear TLDA:

As Vice-President of Administration/CFO of the Tullahoma Utilities Authority (the "Authority"), please find enclosed for your consideration the following items:

- "Tullahoma Utilities Board - Annual Financial Report for Year Ending June 30, 2016";
- "Preliminary Funding Analysis";
- Debt Service Coverage Ratio Calculation; and
- Draft Bond Resolution of the Authority

The Authority plans to issue not to exceed \$1,700,000 Water and Sewer Revenue Bonds, Series 2017 (the, Bonds") to provide funding to refinance the debt of the City of Tullahoma, Tennessee (the "City") that is supported by the water and sewer system (the "System") that was managed by the Tullahoma Utilities Board (the "Board"). The Bonds will be issued subsequent to the SRF Loan Agreement. Therefore, we are requesting that the 2017 Bonds be issued subordinated to the SRF Loan under the Authority's bond resolution.

The Authority has delivered the most recent financial statements of the Board within six (6) months, will maintain a debt service coverage ratio of 1.20x in the future and has previously adopted a schedule of rates and fees to enable the issuance of the proposed Bonds.

The Authority, working with our Financial Advisor and Bond Counsel have determined that the economic life of the assets of the Board will far exceed the average life of the proposed Bonds, which will be approximately 5 years, therefore complying with any applicable state and federal laws.

If you have any questions or need any additional information with respect to this financing, please do not hesitate to contact our Financial Advisor, Mr. John Werner or Scott P. Gibson at Cumberland Securities Company, Inc. (865-988-2663), at your earliest convenience.

Very truly yours,

Mary Mealer

cc: John Werner, Cumberland Securities  
Scott P. Gibson, Cumberland Securities  
Jeff Oldham, Bass Berry & Sims

Enclosures



**Tullahoma Utilities**  
**HISTORICAL DEBT SERVICE COVERAGE ON BONDS - Water and Sewer**  
For the Fiscal Year Ended June 30

	<u>2012<sup>1</sup></u>	<u>2013<sup>1</sup></u>	<u>2014<sup>1</sup></u>	<u>2015<sup>2</sup></u>	<u>2016<sup>2</sup></u>	<u>Projected 2017</u>	<u>Projected 2018</u>	<u>Projected 2019</u>	<u>Projected 2020</u>
Change in Net Assets	\$ 610,988	\$ 1,476,106	\$ 1,761,666	\$ 1,174,884	\$ 907,978	\$ 898,898	\$ 889,909	\$ 881,010	\$ 872,200
Plus Deprecation	1,202,810	1,176,943	1,161,796	1,194,761	1,209,965	1,222,065	1,222,065	1,222,065	1,222,065
Plus Interest Expense	141,722	116,071	80,110	51,744	67,739	123,779	82,090	64,745	53,939
Income Available For Debt Service	1,955,520	2,769,120	3,003,572	2,421,389	2,185,682	2,244,742	2,194,064	2,167,819	2,148,204
Actual Debt Service Requirements	1,126,047	1,280,594	1,275,275	1,365,218	1,074,055	739,761	736,398	676,189	677,543
Bond Coverage	1.74 X	2.16 X	2.36 X	1.77 X	2.03 X	3.03 X	2.98 X	3.21 X	3.17 X
Maximum Estimated Debt Service Requirements on All Debt (2017)	739,761	739,761	739,761	739,761	739,761	739,761	739,761	739,761	739,761
Maximum Bond Coverage	2.64 X	3.74 X	4.06 X	3.27 X	2.95 X	3.03 X	2.97 X	2.93 X	2.90 X

Source (1): Financial Statements for the City of Tullahoma, Tennessee

Source (2): Financial Statements for Tullahoma Utilities Board of the City of Tullahoma, Tennessee