



**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**MAY 9, 2019**  
**AGENDA**

1. Call Meeting to Order
2. Approval of minutes from the TLDA meeting of March 8, 2019

3. Consider for approval the following DWSRF loan:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate
City of Oak Ridge, DWF 2019-216	\$ 3,288,000	\$ -	\$ 3,288,000	1.08%

4. Report on SRF borrowers that have not submitted requests for project expense reimbursement.
5. Request from Benton County and Decatur County to modify two SRF loan repayment schedules related to the Benton-Decatur Special Sewer District due to financial and economic distress.
6. Adjourn

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**March 8, 2019**

The Tennessee Local Development Authority (the Authority or TLDA) met on Friday, March 8, 2019, at 1:30 p.m. in House Hearing Room V, Cordell Hull Building, 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  
Joy Harris, Proxy for the Honorable David Lillard, State Treasurer  
Angela Scott, Proxy for Commissioner Stuart McWhorter, Department of Finance and Administration

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

Dr. Kenneth Moore, House Appointee  
Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order, and then proceeded to perform a roll call:

Dr. Moore—Present  
Mr. Wolfe—Present  
Ms. Scott—Present  
Mr. Wilson—Present  
Ms. Harris—Present  
Mr. Hargett—Present

Mr. Hargett asked for a motion to approve the minutes of the February 8, 2019, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Ms. Harris seconded the motion. Mr. Hargett performed a roll-call vote:

Dr. Moore—Aye  
Mr. Wolfe— Aye  
Ms. Scott—Aye  
Mr. Wilson— Aye  
Ms. Harris— Aye  
Mr. Hargett— Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item of business was consideration of approval for Clean Water State Revolving Fund (CWSRF) loans. He asked Ms. Leslie Gillespie-Marthaler, Director of State Revolving Fund (SRF) for the Tennessee Department of Environment and Conservation (TDEC) to present the loan requests. Ms. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was \$54,685,083 as of February 8, 2019. The balance increased a total of \$10,737 due to a loan decrease with a final balance of \$54,695,820. Upon approval of the loan requests to be presented totaling \$3,130,000, the funds available for loan obligations would be \$51,565,820. She then described the loan requests.

- **Smyrna (CG7 2019-423)** Requesting \$3,000,000 (\$2,700,000 (90%) loan; \$300,000 (10%) principal forgiveness) for waste water treatment plant expansion (Expansion of the existing wastewater treatment plant from 5.85 million-gallon-per-day (MGD) to 9.0 MGD); recommended interest rate of 1.71% based on the Ability to Pay Index (ATPI); Priority ranking 11 of 67.

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

Dr. Moore—Aye  
Mr. Wolfe— Aye  
Ms. Scott—Aye  
Mr. Wilson— Aye  
Ms. Harris— Aye  
Mr. Hargett— Aye

The motion was unanimously approved.

- **Lewisburg (SRF 2017-390)** Requesting \$205,000 (\$75,000 Approved 3/13/18; \$130,000 Increase) for waste water treatment plant improvements. Advanced treatment (Construction of a chemical feed building); recommended interest rate of 1.05% based on the ATPI; Priority ranking 4 of 50. Audit report filed late.

Ms. Gillespie-Marthaler stated that the previous company hired to conduct Lewisburg's audit consistently filed late. She further stated that Lewisburg now had a new company conducting its audits, and although there was a delay in transferring audit data from the previous firm, it does not anticipate future late filings. Mr. Wilson inquired if TDEC was satisfied with Lewisburg's effort to file its audit on time. Ms. Gillespie-Marthaler answered affirmatively and said that it does not foresee additional late filings.

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

Dr. Moore—Aye  
Mr. Wolfe— Aye  
Ms. Scott—Aye  
Mr. Wilson— Aye  
Ms. Harris— Aye  
Mr. Hargett— Aye

The motion was unanimously approved.

Mr. Hargett stated that the last item on the agenda would be TDEC's report on the SRF priority ranking lists (PRLs) and funding process. He recognized Ms. Gillespie-Marthaler to present the information. Ms. Gillespie-Marthaler stated that in response to the Authority's request from the previous TLDA meeting, she would give a status update on the remaining projects listed on the clean water and drinking water PRLs. She reported that since the last PRL solicitation period, a member of the SRF loan program's staff had called the entities listed to inquire about their interest in pursuing SRF funding. She then proceeded to list the results, which were noted in the executive summary and included with the meeting materials. Ms. Gillespie-Marthaler told the Authority that other than the information already provided, TDEC did not have further details as to reasons why some of the applicants chose not to proceed. She continued by saying that historically, the reasons have included (1) timing, meaning the entity was not ready to proceed with construction, (2) in general, entities preferred to obtain grants as opposed to loans, (3) the entity had determined that the proposed project was unnecessary, or (4) lack of knowledge about what the SRF program had to offer and/or preconceived notions regarding affordability. To address this, she said that TDEC had changed its approach to marketing and public outreach. Plans included attending more conferences as speakers and/or vendors, visiting communities, providing education about the SRF program, and improve how technical assistance was

provided to help communities with water/wastewater infrastructure needs. Additionally, she explained that the SRF loan program had changed the way it solicits requests for inclusion of projects on the PRLs. The SRF solicitation notices were now transmitted electronically, and as a result, both drinking water and clean water requests had increased. Ms. Gillespie-Marthaler noted that the deadline for applicants to have submitted a letter of request to be included on the FY2019 PRLs (February 22, 2019) had passed, but additional solicitation for the DWSRF PRL would open in August 2019. She then explained how TDEC worked through the PRL by saying that the projects were evaluated and prioritized according to the severity of the situation using specific scoring criterion, which can be found in TDEC's Intended Use Plan. The SRF projects were then funded based on the highest number of priority points, however, projects "ready to proceed" were given first priority. Ms. Gillespie-Marthaler advised the TLDA that based on what TDEC could obligate, work was completed as expedient as possible. She noted that TDEC would provide future SRF updates at the Authority's request.

Mr. Hargett and Mr. Wilson agreed that TDEC's update was thorough, and Mr. Hargett stated that this update provided the Authority with more data than it had received in the past. He also complimented TDEC's hard work in educating the communities about the SRF program. Ms. Harris added to that by saying TDEC's approach and solicitation of the SRF program was both excellent and appreciated. Mr. Hargett then inquired if Dr. Moore or Mr. Wolfe had any questions or comments, to which both replied that TDEC's update provided good information. Mr. Hargett agreed, and stated that the Authority looked forward to hearing future reports. No action was required.

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

Ms. Harris—Aye  
Mr. Hargett—Aye  
Mr. Wilson—Aye  
Ms. Scott—Aye  
Dr. Moore—Aye  
Mr. Wolfe—Aye

The meeting was adjourned.

Approved on this \_\_\_\_ day of \_\_\_\_\_, 2019.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program**  
**Funds Available for Loan Obligation**  
**Thursday, May 9, 2019**

**Unobligated Balance as of February 8, 2019** **\$ 88,579,529**

**Decreases:**

Transfer of DW to CW (See note below) *	\$ (42,809,917)	
		<u>\$ (42,809,917)</u>

**Unobligated Balance as of May 9, 2019** **\$ 45,769,612**

**Applicants:**

	<u>Loan Number</u>	<u>Loan Amount</u>	
Oak Ridge	DWF 2019-216	\$ 3,288,000	
			<u>\$ 3,288,000</u>

**Remaining Funds Available for Loan Obligations** **\$ 42,481,612**

Decreases \*

Transfer of Drinking Water (Fund 36000) to Clean Water (Fund 35000) on March 12, 2019

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Clean Water State Revolving Fund (CWSRF) Loan Program**  
**Funds Available for Loan Obligation**  
**Thursday, May 9, 2019**

**Unobligated Balance as of March 8, 2019** **\$ 51,565,820**

**Increases:**

Transfer of DW to CW (See note below) *	\$ 42,809,917	
		<u>\$ 42,809,917</u>

**Unobligated Balance as of May 9, 2019** **\$ 94,375,737**

**Applicants:**

	<u>Loan Number</u>	<u>Loan Amount</u>	
N/A	N/A	N/A	<u>\$ -</u>
			<u>\$ -</u>

**Remaining Funds Available for Loan Obligations** **\$ 94,375,737**

Increases \*

Transfer of Drinking Water (Fund 36000) to Clean Water (Fund 35000) on March 12, 2019




**STATE OF TENNESSEE**  
**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
DIVISION OF BUDGET  
312 ROSA L. PARKS AVENUE  
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NASHVILLE, TENNESSEE 37243-1102  
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Stuart C. McWhorter  
COMMISSIONER

MEMORANDUM

TO: Michelle Earhart  
Deputy Chief of Accounts, Division of Accounts

FROM: David Thurman   
Director, Division of Budget

DATE: March 12, 2019

SUBJECT: FY 2019 Clean Water and Drinking Water State Revolving Fund Transfer

You are authorized to transfer \$42,809,917 from the Department of Environment and Conservation, 327.33, Drinking Water (Fund 36000) to Clean Water (Fund 35000). This transfer is necessary to meet EPA recommendations and provide additional dollars towards the clean water loan programs demand. The transfer is authorized by Title 40 of the Code of Federal Regulations section 35 Subpart K and in the SRF Environment Protection Agency (EPA) handbook (pages 21, 45, and 56).

Your assistance in this matter is appreciated.

SM: DT: SW

# FACT SHEET

May 09, 2019

**Borrower:** City of Oak Ridge  
**Project Number:** DWF 2019-216  
**Requested SRF Funding:** \$ 3,288,000  
**Term:** 5 years  
**Rate:** 1.08% = (1.66 x 80%) - (0.25%)

## **Project:**

New Water Treatment Plant (Construction of a 16 MGD WTP) Planning and Design Loan

Total Project Cost:	\$ 3,288,000
Project Funding:	
SRF Loan Principal	\$ 3,288,000
Local Funds	\$ 0
County:	Anderson and Roane Counties
Consulting Engineer:	Jacobs Engineering Group Inc
Priority Ranking List:	FY 2018
Priority Ranking:	17 of 21
Public Meeting:	February 11, 2019

## **Financial Information:**

Operating Revenues:	\$ 9,592,802
Current Rate:	\$ 39.67
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	11,298
Audit Report Filed:	12/31/2018 (timely)
Financial Sufficiency Review:	01/03/2019

The financial sufficiency review indicates that revenues and rates are sufficient to repay its SRF loan(s).

## **Additional Security**

The borrower pledges its unobligated state-shared taxes (SSTs) in an amount equal to the maximum annual debt service (MADS) requirements under the loan agreement.

The SSTs received by the borrower from the state in the prior fiscal year: \$ 4,416,870.

MADS:	Prior Obligations:	\$ 1,872,306
	Proposed loan(s):	<u>\$ 675,811</u>
		\$ 2,548,117

MADS as a percentage of SSTs: 57.69%



## REPRESENTATION OF LOANS AND STATE-SHARED TAXES FOR TAX REVENUE ENTITIES

As security for payments due under a SRF loan agreement, a local government pledges user fees and charges and ad valorem taxes as necessary to meet its obligations under a SRF loan agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

### 1. State-Shared Taxes

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$ 4,416,870

### 2. Prior Obligations

(a.) Prior SRF loans which have been funded or approved for which the Local Government has pledged its SSTs are as follows:

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF Sewer	CW1 2013-324	\$3,590,032	\$398,892	\$201,024
SRF/Sewer	SRF 2013-325	\$12,683,578	\$0	\$708,504
SRF Sewer	SRF 2014-337	\$2,691,716	\$0	\$158,832
SRF/Sewer	CG4 2017-356	\$1,860,000	\$140,000	\$111,756
SRF/Sewer	SRF 2017-396	\$3,100,000	\$0	\$182,772

\* If applicable, the original approved amount is adjusted for decreases and approved increases

\*\*MADS is an estimate until final expenses have been determined

The total MADS from section 2(a.) having a lien on SSTs is \$ 1,362,888

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QZAB/QSCB	2004 Z16	\$7,049,360	\$0	\$440,585
QZAB/QSCB	2005 Z20	\$1,320,500	\$0	\$68,833
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$ 509,418

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$ 1,872,306

### 3. Loan Requests

The loan(s) which have been applied for and for which state-shared taxes will be pledged:

Loan Type	Loan #	Anticipated	Base Loan	Principal	Anticipated
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		Interest Rate		Forgiveness	MADS
SRF Water	DWE 2019-216	1.08%	\$3,288,000	\$0	\$675,811

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$ 675,811

#### 4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$ 1,868,753

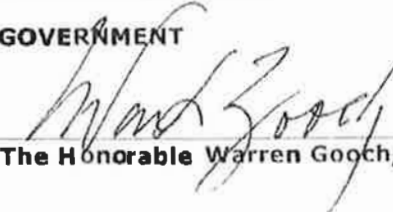
**The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.**

**Duly signed by an authorized representative of the Local Government on this**  
8th day of April, 2019.

***This is the Comptroller's certificate as required by TCA 4-31-108.***

**LOCAL GOVERNMENT**

**BY:**

  
**The Honorable Warren Gooch, Mayor**

PROJECT NAME & NUMBER	STATE & LOCAL FINANCE LOAN ACTIVITY at 4/18/19	DATE LOAN AWARDED	LOAN AMOUNT	TDEC DETAILS/COMMENTS/STATUS	PROJECT SCHEDULE STATUS
					Compliance
					Non-compliance (Need explanation or justification)
Chapel Hill CW6 18-399	No funds have been disbursed to borrower	3/13/2018	\$ 788,750	Chapel Hill also received CDBG funding for this project and has been utilizing these funds for planning and design services; the City plans to only request reimbursement for construction costs from SRF; Chapel Hill also indicated they will be submitting a request for reimbursement soon because the contractor began construction activities on February 4th.	In compliance for a construction completion date of November 1, 2019. Anticipate a pay request by May 31st.
Franklin CG5 17-375	No funds have been disbursed to borrower	9/22/2017	\$ 1,500,000	Franklin is preparing to submit a reimbursement request in the next two weeks for construction.	In compliance for a December 2020 a construction completion date. A pay request being submitted within the next few weeks per City of Franklin.
Franklin SRF 17-376*	No funds have been disbursed to borrower	9/22/2017	\$ 78,500,000	Companion Loan to CG5 2017-375 and SRF 2017-398	
Franklin SRF 17-398*	No funds have been disbursed to borrower	9/22/2017	\$ 20,000,000	Companion Loan to CG5 2017-375 and SRF 2017-376	
Hallsdale CW6 17-394	No funds have been disbursed to borrower	8/17/2017	\$ 1,000,000	HPUD has indicated that they plan to submit a reimbursement request in the next week.	In compliance for a September 2020 a construction completion date. A pay request coming for \$2 Million next week.
Hallsdale SRF 17-395*	No funds have been disbursed to borrower	8/17/2017	\$ 12,100,000	Companion Loan to CW6 2017-394 and SRF 2018-410	
Hallsdale SRF 18-410*	No funds have been disbursed to borrower	5/16/2018	\$ 4,548,250	Companion Loan to CW6 2017-394 and SRF 2017-395	
Jackson Energy Authority CG2 16-368	No funds have been disbursed to borrower	6/9/2016	\$ 2,000,000	Companion Loan to CG3 2016-361 and CG4 2016-362; JEA indicated that a request for reimbursement will be submitted soon.	In compliance. A project extension request was submitted on April 18, 2019. It is still in review.
Memphis SRF 18-409	No funds have been disbursed to borrower	3/13/2018	\$ 11,000,000	City will only be requesting reimbursements for construction activities; A Pre-Construction Conference was held 3/11/2019 that issued a notice to the contractor to begin construction.	In compliance. City of Memphis may need to submit an extension in the future: SRF will monitor the construction progress.
*4 of the 9 loans listed are companion loans where the loan recipient will request reimbursements from the Capitalization Grant Loan first until it is completely exhausted before requesting a reimbursement from the companion loan(s). (Denoted by an "**")					



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

To: Members of the Tennessee Local Development Authority (TLDA)

From: Sandi Thompson, TLDA Assistant Secretary 

Re: Benton and Decatur Counties' Request to the TLDA

Date: May 8, 2019

It has come to my attention that the request letter from Benton and Decatur Counties (the "Counties") to the TLDA dated April 23, 2019, contains an error related to USDA funding awarded to Benton County. This request is scheduled to be presented at the May 9, 2019, meeting of the TLDA. The letter states on page two that USDA Rural Development Funds have been borrowed resulting in an additional debt service obligation. However, the USDA funds awarded to Benton County were actually grants and not loans. The Counties have indicated that they will be submitting a revised request letter to the TLDA that clarifies the type of USDA funds it received and intent to apply for more funds through USDA Rural Development. Due to time constraints cited by the Counties, it is unclear if the revised letter will be received by the time of the scheduled TLDA meeting. Therefore, staff recommends any consideration for approval of the request should be contingent upon receipt of a revised letter to be presented at the next scheduled TLDA meeting which is anticipated to occur sometime in June 2019.

**BENTON COUNTY TENNESSEE**  
**COUNTY MAYOR**  
**BRETT LASHLEE**

23 April 2019

Mrs. Sandi Thompson,

I write this on behalf of myself, Decatur County Mayor Mike Creasy, and Russell Keeton who is Chairman of the Benton-Decatur Special Sewer District.

After several communications as to the concern that both Benton and Decatur County Government share regarding our oversight of the Benton-Decatur Special Sewer District (BDSSD) and its stressed financial conditions, I want to provide a synopsis of their current situation in hopes that it will allow for a better understanding of the challenges ahead not only for the BDSSD, but also Benton and Decatur County Governments. My hopes are that this will draw your interest and concerns of our challenging road ahead and possibly result in an opportunity to address the Board in upcoming meetings and to convey directly our approach to these challenges.

The BDSSD was formed almost 20 years ago with a "if we build it, they will come" expectation. Unfortunately, both our rural counties were in denial of our continuous declining economic state that began nearly a decade before and would continue to this current date. The original initiative of designing a sanitary sewer system was well intentioned - To promote economic development at Interstate 40 Exit #126, an Exit that is mutually shared by both Benton and Decatur Counties. While there is little question that the development of a sanitary sewer system at our Interstate exit was an essential factor in achieving the somewhat limited commercial development that currently exists at the Interchange, the financial model and operational conditions simply were not well planned out. As a result, a sewer district that went into operation with excellent intentions and great hopes associated with long-term commercial and industrial development seemed to be doomed before it ever got off the ground.

Now we are faced with a small and declining customer base paying extraordinarily high rates, and the current operational model is stifling potential economic growth at an area that really should be booming. Our current customer base, as shown in Table 1, indicates the number of active customers as well as their average monthly usage and subsequent average monthly sewer bill.



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Camden, TN 38320

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TABLE 1:

Customer	MO. AVERAGES	
	Gallons Used	Sewer Billing
Dept of Transportation Rest Areas	142,138	\$2,807.24
North 40 Truck Stop	220,965	\$4,364.05
Days Inn	132,894	\$2,624.66
Marathon	28,161	\$556.19
Teazers	2,652	\$52.37
Wilson Patterson	2,713	\$53.59
Bennie Inman	2,210	\$40.56
Shell	9,955	\$196.62
Dotties Marine	34,841	\$688.11
126 Truck Wash	68,302	\$1,349.00
<b>TOTAL MONTHLY</b>	<b>644,831</b>	<b>\$12,732.38</b>
<b>TOTAL ANNUAL</b>		<b>\$152,788.61</b>

To compound our dilemma, due to the age of our system (20 Years) and recent failures to meet our National Pollutant Discharge Elimination System (NPDES) Compliance requirements, we have been forced to **borrow additional funds through the Rural Development Agency** to make necessary improvements to our Sewage Treatment Plant. As a result of the required improvements, BDSSD has had to absorb an additional annual debt service obligation of approximately \$7,100, as well as an additional annual depreciation obligation of approximately \$17,500.

\*see  
memo  
from  
TLDA  
Assistant  
Secretary

The net financial result of the new improvements is that we have been forced to raise rates yet again, with the proposed rates (effective July 2019) structured as follows:

- First 2,000 Gallons \$60.00 (minimum)
- Next 48,000 Gallons \$20.00 per 1,000 Gallons
- All Over 50,000 Gallons \$22.00 per 1,000 Gallons

The current rate in effect is \$19.75 per 1,000 gallons.

In order to compare the sewer rates for BDSSD with other similar utilities, we assembled the following information, shown in Table 2 below. The utilities are ranked from lowest to highest rate per 5,000 gallons.



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TABLE 2:

## Area Rate Comparison

Table of Sewer Rates in Force				
#	City/Town	# Sewer Customers	Rate (per 5,000 gal)	Rank
1	Adamsville	833	\$20.80	11
2	Alamo	1109	\$13.60	4
3	Bolivar	2400	\$12.69	2
4	Brownsville	4822	\$14.77	6
5	Centerville	1260	\$40.14	26
6	Clifton	522	\$20.90	12
7	Collinwood	362	\$34.00	25
8	Covington	3300	\$26.59	16
9	Dyer	954	\$29.75	21
10	Dyersburg	7450	\$25.54	15
11	Henderson	2244	\$17.51	9
12	Hohenwald	1900	\$40.51	27
13	Jackson	28653	\$12.23	1
14	Lawrenceburg	4993	\$42.40	28
15	Lexington	3402	\$27.00	17
16	Linden	522	\$19.81	10
17	Loretto	755	\$32.50	24
18	Oakland	3050	\$13.75	4
19	Paris	4376	\$26.20	19
20	Pulaski	3020	\$25.20	14
21	Ripley	2824	\$29.73	20
22	Savannah	3436	\$30.03	22
23	Selmer Existing	2014	\$15.05	7
24	Selmer Proposed	2014	\$24.28	14
25	Somerville	1472	\$31.75	23
26	Trenton	2110	\$28.00	18
27	Union City	5103	\$17.40	8
28	Waynesboro	781	\$22.65	13
29	Whiteville	519	\$13.53	3
		Minimum =	\$12.23	
		Average =	\$24.42	
		Maximum =	\$42.40	



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From the proposed BDSSD Rate Structure presented in Table 2, you can calculate that the sewer bill for a customer using 5,000 gallons would be \$120.00, or nearly triple the maximum rate charged by similar systems surrounding the BDSSD. Since its inception, the BDSSD has lost six (6) of its original 16 customers. We understand that the high rates have been a significant factor in the customers leaving.

The BDSSD timely filed its FY 2018 audited financial statements with the Comptroller's Division of Local Government Audit (LGA) on December 28, 2018. LGA had requested a revised report from the BDSSD auditor, and the revised report was submitted on April 17, 2019. LGA referred the BDSSD to the Water and Wastewater Financing Board on February 8, 2019.

Currently our counties are classified as At-Risk, but have for a long time been previously declared as Economically Distressed (see attached Economically Distressed Counties Map). Distressed counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties. At-Risk counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties. Additionally, the Appalachian Regional Commission (ARC) classifies all counties within the ARC Region by economic status based on the following data points: 1) unemployment rate; 2) poverty rate; and 3) per capita market income. Both Benton and Decatur counties are Tier 4 Rural Counties (See attached Tier Ratings Map) and local economies are struggling. The jointly shared Interstate Exit is our greatest hope for meaningful economic development, thus our shared focus on the elimination of significant impediments to development on our shared interstate exit. Our Tier 4 status identifies us with priority consideration and a lesser matching portion of state grants we receive due to our financial hardship and growth.

Another harsh reality we face is our sewer line infrastructure does not extend further up the roadways where we believe commercial development will occur. Recently, a Dollar General Store, logging company, asphalt plant and a restaurant opened just barely beyond range to tap onto the existing line, but easily in reach of where our current sewer service ends. Therefore, the BDSSD lost a number of potentially valuable customers. This taught us a lesson in realizing our infrastructure needs to be expanded! However, due to our current financial constraints and our annual loss of revenue, expansion is not possible without yet another associated increase to our already astronomical rates.

Our financial model does not provide the needed capital to expand and it can barely keep afloat on its monthly operational financial needs. There are several out-of-business structures in the range for the sewer line, but unless they are purchased and re-opened expanding the customer base on the existing infrastructure will be very challenging. In essence, both Benton



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and Decatur County Government is extremely concerned with our financial obligation and liability associated with sustaining the BDSSD, both operationally and for debt service obligations. We share 50/50 in a \$1.2 million SRF Loan that still has 11 years left until it is retired. I am attaching a spreadsheet showing the loan breakdown for reference. Repayment on the loans began in September 2009 and the BDSSD made the monthly payments of \$5,147 per loan (\$10,294 combined) timely until March 2018 when they began paying a reduced amount of \$877 per month per loan (\$1,754 combined). This resulted in a default. Each county subsequently brought its loan current and has since taken over the loan payments. Benton County has prepaid its loan (SRF 02-163) though July 2019, and Decatur County has been making monthly payments on its loan (SRF 02-163A). We acknowledge Benton and Decatur counties' responsibility to ensure the loans remain current and understand that the TLDA is authorized to intercept our state-shared taxes if our obligation is not met.

So, our challenge is two-fold: 1-We need a profit generating model that will allow us to bank capital monies to expand the sewer district in order to capture revenue from existing customers and ensure future commercial expansion at the interstate exit. 2-We need to alleviate the potential need for Benton-Decatur County Governments to fund either operational needs of the BDSSD or the loan payment that is draining needed cash from our general fund during a time of financial challenges for both of our rural counties. The original intent was for the BDSSD to be self-sufficient, but the Counties have assumed the loan responsibility which reflects our financial support of the entity.

There is some hint of promising days ahead. Loves Truck Stop is planning to break-ground on what will be their largest facility in Tennessee. They have advised us their estimated start date to break ground will be in mid-May 2019 and finish 7 to 8 months later and open in early 2020. However, the economic picture even with the new development is still bleak.

To address the immediate financial challenges being experienced by the BDSSD, we have initiated the following actions:

- Structuring Monthly Board meetings toward addressing a longer-term outlook of our challenges and opportunities as a Utility operating in a low-density area. Additionally, structuring financial projection worksheet and reports that allow us to see further out so as to prepare actions necessary to address the challenges and opportunities. (such projections are included in this response). In knowing this data, it aids us in how our current customers are being affected and how to propose a sensitive rate increase that helps us in the short term until we can expand the customer base.
- Per the March 2019 monthly meeting, it was decided to increase rates (as noted above). No rate increase has ever been initiated since inception. The rate increase factored in the Love's expansion and will hopefully generate the positive cash flows needed to maintain day-to-day operations and initiate routine and scheduled infrastructure maintenance.
- Request some kind of state assistance to assist us stabilizing our operations and financial needs as well as possibly positioning us for a healthier financial future for both the BDSSD and our county governments in general (see below).



1 Court Square  
Room 102  
Camden, TN 38320

PHONE (731) 584-6011  
FAX (731) 584-9718  
EMAIL MAYOR@BENTONCOUNTYTN.GOV  
WEBSITE WWW.BENTONCOUNTYTN.GOV

Our base desire is to request relief of our joint obligation (for both Benton & Decatur County) of both the principal and interest components of the SRF Loan payments per the scenario below. Given the circumstances as described above, we ask that you consider providing relief pursuant to the TLDA's SRF Policy and Guidance for Borrowers section titled "Modification of SRF Program Loan Repayment Schedules for Financially Distressed Borrowers".

Requested Relief (proposed schedule is attached):

- 23-month period:
  - A reduced monthly payment of \$4,118
  - 0% interest
- The remaining principal balances would be amortized over the remaining life of each loan at a reduced interest rate of 1.03% for a revised monthly debt service payment of \$5,139 per loan effective July 2021.
- Interest reduction to borrower is \$23,511 per loan or \$47,022 combined.
- 100% of principal will be repaid.

Such relief period would include the time period to run from August 2019 through June 2021 with a reduced interest rate effective July 1, 2021. This relief request time period will allow:

- A better financial forecast of the sustainability of the current operating and financial model in place which factors in the long-term impact of the newly established Love's Truck Stop.
- Needed financial operational monies to divert to a change-out of aging mechanical components needed for the filtration and discharge of treated waste-water.
- Additional funds from monthly income to be allocated toward meeting payroll needs in securing the services of an employee who will monitor the needs and demands of the sewer treatment plant
- Additional funds gained from any loan relief given will allow for the expansion of 3-phase electric into the BDSSD facility by Benton County Electric Service (estimated to cost approximately \$85,000)
- Discussions with TN Econ Development personnel on potential grants available to expand our sewer access up and down Highway 641 undeveloped roadside frontage property that will be in place if and when future establishments tap into the line. Should we be granted loan relief, we want to apply those monies toward expanding the sewer district where TN ECD could not aid us.

We hope this request and letter meets with your approval to present our case in person to the board for review and consideration. We are worried about our financial capacities in the next fiscal year budgets. We hope that you will consider our concerns, our rural economic classification, and our desire to set our BDSSD up for future success. We humbly ask for continued guidance and assistance to this request.

Respectfully,



cc: Mike Creasy, Decatur County Mayor, (via email)  
Russell Keeton, BDSSD Chairman, (via email)



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Room 102  
Camden, TN 38320

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**DRAFT**

**Proposed  
Schedule  
Modification**

Benton Co and Decatur Co each has an identical loan  
in the amount of \$1,069,673 for total funding of  
\$2,139,346

PRINCIPAL	Original \$1,069,673	Relief Period 577,577	Revised \$482,863
RATE OF INTEREST	1.47%	0.00%	1.03%
MONTHS	240	23	98
MONTHLY PAYMENTS	\$5,147	\$4,118	\$5,139
			5,147 original pmt 5,139 revised pmt (8)
TOTAL INTEREST	\$165,582		\$142,071
TOTAL PAYMENTS	\$1,235,255		\$1,211,744
			5,147 original pmt (\$1,029) 20% reduction \$4,118 reduced pmt (23 mths)

	PERIOD	BEGINNING PRINCIPAL BALANCE	PRINCIPAL REQUIREMENT (PER MONTH)	ADDITIONAL PRINCIPAL PMT (ONE-TIME)	INTEREST REQUIREMENT (PER MONTH)	TOTAL DEBT SERVICE REQUIREMENT (PER MONTH)	ENDING PRINCIPAL BALANCE
#Mths							
10	9/1/2009 TO 6/30/2010	\$1,069,673	\$3,858		\$1,289	\$5,147	\$1,031,093
12	7/1/2010 TO 6/30/2011	\$1,031,093	\$3,910		\$1,237	\$5,147	\$984,173
12	7/1/2011 TO 6/30/2012	\$984,173	\$3,968		\$1,179	\$5,147	\$936,557
12	7/1/2012 TO 6/30/2013	\$936,557	\$4,027		\$1,120	\$5,147	\$888,233
12	7/1/2013 TO 6/30/2014	\$888,233	\$4,086		\$1,061	\$5,147	\$839,201
12	7/1/2014 TO 6/30/2015	\$839,201	\$4,147		\$1,000	\$5,147	\$789,437
12	7/1/2015 TO 6/30/2016	\$789,437	\$4,208		\$939	\$5,147	\$738,941
12	7/1/2016 TO 6/30/2017	\$738,941	\$4,270		\$877	\$5,147	\$687,701
12	7/1/2017 TO 6/30/2018	\$687,701	\$4,334		\$813	\$5,147	\$635,693
12	7/1/2018 TO 6/30/2019	\$635,693	\$4,398	\$877	\$749	\$5,147	\$582,040
1	7/1/2019 TO 7/31/2019	\$582,040	\$4,463		\$684	\$5,147	\$577,577
11	8/1/2019 TO 6/30/2020	\$577,577	\$4,118		\$0	\$4,118	\$532,279
12	7/1/2020 TO 6/30/2021	\$532,279	\$4,118		\$0	\$4,118	\$482,863
12	7/1/2021 TO 6/30/2022	\$482,863	\$4,747		\$392	\$5,139	\$425,899
12	7/1/2022 TO 6/30/2023	\$425,899	\$4,796		\$343	\$5,139	\$368,347
12	7/1/2023 TO 6/30/2024	\$368,347	\$4,846		\$293	\$5,139	\$310,195
12	7/1/2024 TO 6/30/2025	\$310,195	\$4,896		\$243	\$5,139	\$251,443
12	7/1/2025 TO 6/30/2026	\$251,443	\$4,946		\$193	\$5,139	\$192,091
12	7/1/2026 TO 6/30/2027	\$192,091	\$4,998		\$141	\$5,139	\$132,115
12	7/1/2027 TO 6/30/2028	\$132,115	\$5,049		\$90	\$5,139	\$71,527
12	7/1/2028 TO 6/30/2029	\$71,527	\$5,102		\$37	\$5,139	\$10,303
1	7/1/2029 TO 7/31/2029	\$10,303	\$5,130		\$9	\$5,139	\$5,173
1	FINAL PAYMENT - 8/31/2029	\$5,173	\$5,173		\$4	\$5,177	\$0
240							
			\$1,068,796	\$877	\$142,071	\$1,211,744	
					165,582		

Benton City has prepaid its loan through July 2019.

Decatur City will need to continue to make its full monthly pmt through July 2019 to line back up with Benton Co.

Proposed relief period effective August 2019 through June 2021 for each loan and a 30% reduction of interest rate after relief period.

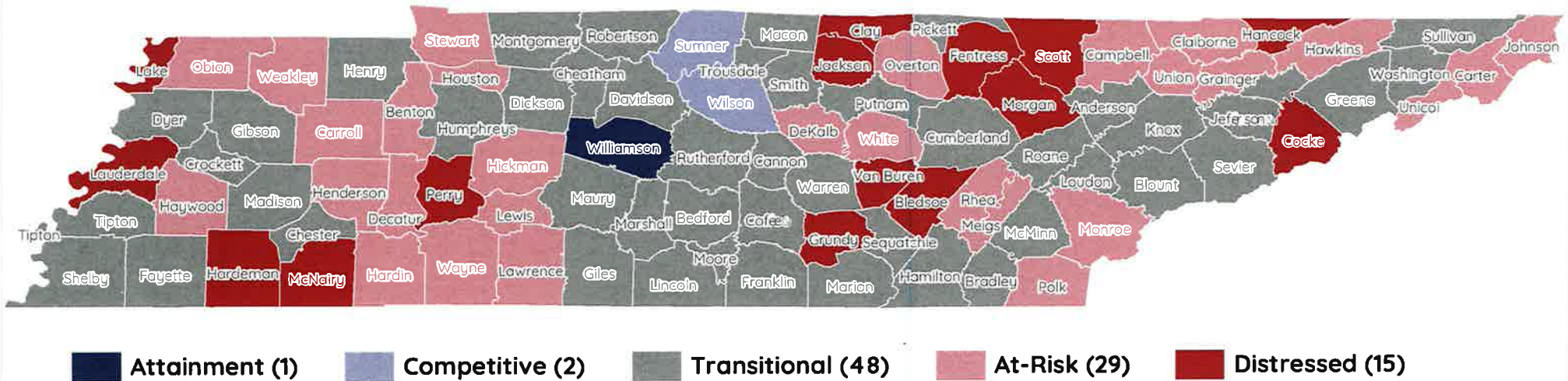
(\$23,511) Interest reduction to each borrower

# Based on Current SRF loan schedules

LOAN TYPE: 2008 SERIES BONDS

YEAR DUE	PRINCIPAL	INTEREST ACCUMULATED	TOTAL DUE	County's 50% Share	1/12 Monthly	County's 50% Monthly Share
2008			-			
2009			-			
2010			-			
2011			-			
2012			-			
2013			-			
2014			-			
2015			-			
2016			-			
2017			-			
2018	104,006.00	19,519.00	123,525.00	61,762.50	10,293.75	5,146.88
2019	105,546.00	17,980.00	123,526.00	61,763.00	10,293.83	5,146.92
2020	107,108.00	16,418.00	123,526.00	61,763.00	10,293.83	5,146.92
2021	108,693.00	14,833.00	123,526.00	61,763.00	10,293.83	5,146.92
2022	110,301.00	13,224.00	123,525.00	61,762.50	10,293.75	5,146.88
2023	111,934.00	11,592.00	123,526.00	61,763.00	10,293.83	5,146.92
2024	113,590.00	9,935.00	123,525.00	61,762.50	10,293.75	5,146.88
2025	115,271.00	8,254.00	123,525.00	61,762.50	10,293.75	5,146.88
2026	116,977.00	6,548.00	123,525.00	61,762.50	10,293.75	5,146.88
2027	118,709.00	4,817.00	123,526.00	61,763.00	10,293.83	5,146.92
2028	120,466.00	3,060.00	123,526.00	61,763.00	10,293.83	5,146.92
2029	122,248.00	1,278.00	123,526.00	61,763.00	10,293.83	5,146.92
2030	20,553.00	41.00	20,594.00	10,297.00	1,716.17	858.08
	<b>\$ 1,375,402.00</b>	<b>\$ 127,499.00</b>	<b>\$ 1,502,901.00</b>	<b>\$ 751,450.50</b>		

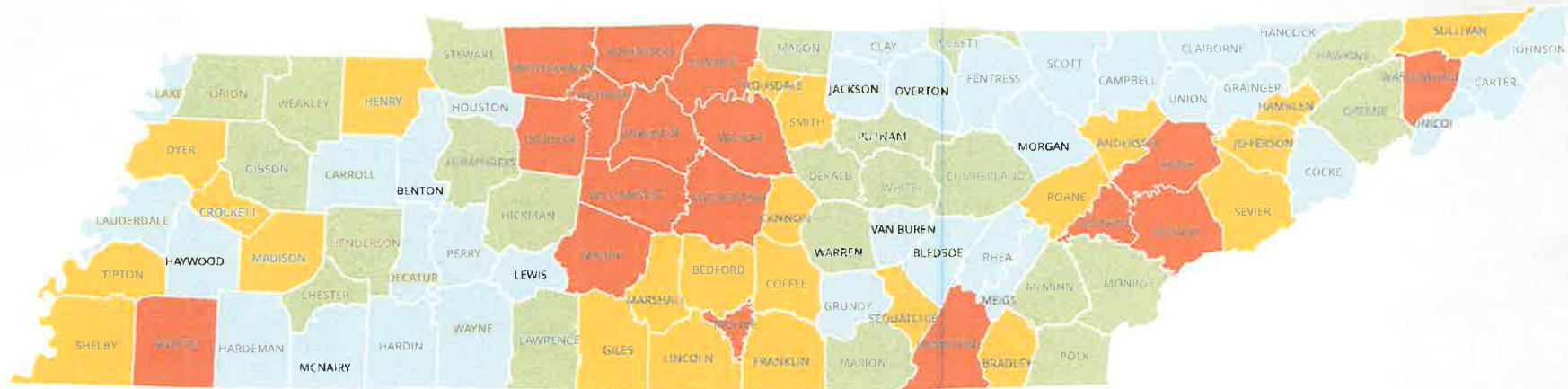
# TN County Economic Status - FY 2018-19











# TENNESSEE JOBS TAX CREDIT ENHANCEMENT COUNTIES



## INCENTIVE TIERS

-  Enhancement Counties: Tier 1: \$4,500 jobs tax credit with 15 year carry forward.
-  Enhancement Counties: Tier 2: \$4,500 jobs tax credit with 15 year carry forward plus additional 3 years at \$4,500 per year with no carry forward.
-  Enhancement Counties: Tier 3: \$4,500 jobs tax credit with 15 year carry forward plus additional 5 years at \$4,500 per year with no carry forward.
-  Enhancement Counties: Tier 4: \$4,500 jobs tax credit with 15 year carry forward plus additional 5 years at \$4,500 per year with no carry forward.

NOTE: Jobs Tax Credit may be applied against a company's franchise and/or excise tax liability. As of July 1, 2016, a company in a Tier 1 or Tier 2 county must create 25 net new full-time positions within a 36 month period, a company in a Tier 3 county must create 20 net new full-time positions within a 60 month period, and a company in a Tier 4 county must create 10 net new full-time positions within a 60 month period to qualify for the Jobs Tax Credit. Regardless of tier, a company must make a \$500,000 capital investment in a qualified business enterprise within the investment period.

For more information, view our interactive map at [TNECD.com/county-profiles](http://TNECD.com/county-profiles).

July 1, 2018



10601 North Pennsylvania  
P.O. Box 26210  
Oklahoma City, OK 73126

December 3, 2018

Mr. Brett Lashlee, Benton County Mayor  
1 Court Square, Room 102  
Camden, TN, 38320

**RE: Commitment of Development for Love's Truck Stop  
Benton and Decatur County, TN**

Dear Mayor Lashlee,

Love's Travel Stops and Country Stores, which was founded in 1964 and has grown to over 22,000 employees at 470 locations in 41 States, is planning the construction of a new facility along Interstate 40 West on the borders of Decatur and Benton County, in West TN.

The initial phase of improvements includes the construction of a 13,000 ft<sup>2</sup> Travel Store facility (which will include an Arby's restaurant) as well as a 12,000 ft<sup>2</sup> Tire Facility. Our total projected capital investment for this phase of improvements is over \$10,000,000, with a projected new staff requirement of 40 full-time employees. The anticipated wages for the hourly workers is approximately \$9.80 per hour. In addition, we will have 6 salaried Managerial positions which would range between \$28,000 - \$60,000 per year.

To facilitate this development, utility services sufficient to accommodate our projected demand are absolutely essential. We have coordinated with the Benton County for the provision of those services, and we understand that the provision of three-phase electrical service to the sewage treatment facility (currently under renovation) will be critical to the assurance of continued, reliable service to our proposed facility. Their consulting engineer, Hethcoat & Davis, has preliminarily estimated to cost for providing the necessary upgrades to the electrical service to the site at \$385,000. We understand Benton County intends to pursue funding for the improvements through EDA, and we also understand that there will be a local funding obligation to match/supplement the EDA funding.

Please accept this as Love's commitment to develop our facility at the proposed location along I-40 in Decatur and Benton counties, and our strong encouragement for EDA's funding towards the implementation of the proposed improvements. If you should have any question or require additional information, please contact me.

Sincerely,

Rick Shuffield,  
Vice President of Real Estate & Development  
Love's Travel Stops & Country Stores, Inc.

[Rick.Shuffield@loves.com](mailto:Rick.Shuffield@loves.com)

10601 North Pennsylvania Ave., Okla. City, OK 73120

**Benton Decatur Special Sewer District**  
**Projected Income Statement for the Twelve Months Ended June 30, 2019**

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
<b>Revenue</b>													
Billings Paid	14,606	14,953	14,868	12,388	14,046	12,101	10,836	11,469	10,533	10,512	11,852	13,548	151,712
<b>Total Revenue</b>	<b>14,606</b>	<b>14,953</b>	<b>14,868</b>	<b>12,388</b>	<b>14,046</b>	<b>12,101</b>	<b>10,836</b>	<b>11,469</b>	<b>10,533</b>	<b>10,512</b>	<b>11,852</b>	<b>13,548</b>	<b>151,712</b>
<b>Cost of Goods Sold</b>													
Cost of Operations	1,693	1,750	1,693	1,834	1,693	2,084	1,693	2,084	1,693	2,084	1,693	1,750	21,744
<b>Total Cost of Goods Sold</b>	<b>1,693</b>	<b>1,750</b>	<b>1,693</b>	<b>1,834</b>	<b>1,693</b>	<b>2,084</b>	<b>1,693</b>	<b>2,084</b>	<b>1,693</b>	<b>2,084</b>	<b>1,693</b>	<b>1,750</b>	<b>21,744</b>
<b>Gross Profit</b>	<b>12,913</b>	<b>13,203</b>	<b>13,175</b>	<b>10,554</b>	<b>12,353</b>	<b>10,017</b>	<b>9,143</b>	<b>9,385</b>	<b>8,840</b>	<b>8,428</b>	<b>10,159</b>	<b>11,798</b>	<b>129,968</b>
<b>Administrative Expenses</b>													
Accounting Fees	200	100	300	400		200	1,600	600	200	200	200	200	4,200
NUD-Administrative Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Advertising/Legal Notices	35	9	44	78	5	11	39	32	32	32	32	32	381
Insurance & Bonds	0	0	0	0	0	0	1,000	0	0	0	0	0	1,000
Donations	0	0	82	0	0	0	0	0	0	0	0	0	82
Permit Fees	350	0	0	0	0	0	0	0	0	0	0	0	350
Repairs & Maintenance	12,244	0	0	0	130	0	1,053	4,000	4,000	4,000	4,000	4,000	33,427
Utilities	778	780	732	768	772	828	776	776	776	776	776	776	9,314
Wages & Salaries	839	960	960	960	839	960	960	839	960	960	960	839	11,036
Payroll Expenses	66	76	76	76	66	76	76	66	76	76	76	66	872
<b>Total Expenses</b>	<b>15,512</b>	<b>2,925</b>	<b>3,194</b>	<b>3,282</b>	<b>2,812</b>	<b>3,075</b>	<b>6,504</b>	<b>7,313</b>	<b>7,044</b>	<b>7,044</b>	<b>7,044</b>	<b>6,913</b>	<b>72,661</b>
<b>Operating Profit</b>	<b>(2,599)</b>	<b>10,278</b>	<b>9,981</b>	<b>7,272</b>	<b>9,541</b>	<b>6,942</b>	<b>2,639</b>	<b>2,072</b>	<b>1,796</b>	<b>1,384</b>	<b>3,115</b>	<b>4,885</b>	<b>57,307</b>
<b>Other Income (Expenses)</b>													
Interest Income	0	0	2	2	2	2	2	2	2	2	2	2	21
Interest Expense	(1,498)	(1,499)	(1,498)	(1,498)	(1,498)	(1,499)	(1,498)	(1,499)	(1,498)	(1,498)	(1,499)	(2,098)	(18,580)
Depreciation	(4,349)	(4,348)	(4,348)	(4,349)	(4,348)	(4,348)	(4,348)	(4,348)	(4,349)	(4,348)	(4,348)	(5,769)	(53,600)
Total Other Income (Expenses)	(5,847)	(5,847)	(5,844)	(5,845)	(5,844)	(5,845)	(5,844)	(5,845)	(5,845)	(5,844)	(5,845)	(7,865)	(72,159)
<b>Net Profit</b>	<b>(8,445)</b>	<b>4,432</b>	<b>4,137</b>	<b>1,427</b>	<b>3,697</b>	<b>1,097</b>	<b>(3,205)</b>	<b>(3,773)</b>	<b>(4,049)</b>	<b>(4,460)</b>	<b>(2,730)</b>	<b>(2,980)</b>	<b>(14,852)</b>

Revenues are projected based on prior billings.

Expenses are based on prior experience.

Interest Expense is on a \$1,069,673 loan from the State of TN, <sup>\*</sup> plus \$153,460 loan through Rural Development starting June, 2019.

Depreciation expense is based on the following:

Distribution System; 39 years; S/L

Sewer Plant Improvements, 20 years, S/L

Repairs and maintenance based upon prior experience. Projecting repairs of 4 water leaks a year plus repair of motors.

\*See memo from TLDA Assistant Secretary



**Benton Decatur Special Sewer District**  
**Projected Income Statement for the Twelve Months Ended June 30, 2020**

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
<b>Revenue</b>													
Billings Paid	14,606	14,953	14,868	12,388	14,046	12,101	10,836	11,469	10,533	10,512	11,966	14,511	152,789
<b>Total Revenue</b>	<u>14,606</u>	<u>14,953</u>	<u>14,868</u>	<u>12,388</u>	<u>14,046</u>	<u>12,101</u>	<u>10,836</u>	<u>11,469</u>	<u>10,533</u>	<u>10,512</u>	<u>11,966</u>	<u>14,511</u>	<u>152,789</u>
<b>Cost of Goods Sold</b>													
Cost of Operations	1,693	1,750	1,693	1,834	1,693	2,084	1,693	2,084	1,693	2,084	1,693	1,750	21,744
<b>Total Cost of Goods Sold</b>	<u>1,693</u>	<u>1,750</u>	<u>1,693</u>	<u>1,834</u>	<u>1,693</u>	<u>2,084</u>	<u>1,693</u>	<u>2,084</u>	<u>1,693</u>	<u>2,084</u>	<u>1,693</u>	<u>1,750</u>	<u>21,744</u>
<b>Gross Profit</b>	<u>12,913</u>	<u>13,203</u>	<u>13,175</u>	<u>10,554</u>	<u>12,353</u>	<u>10,017</u>	<u>9,143</u>	<u>9,385</u>	<u>8,840</u>	<u>8,428</u>	<u>10,273</u>	<u>12,761</u>	<u>131,045</u>
<b>Administrative Expenses</b>													
Accounting Fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
NUD-Administrative Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Advertising/Legal Notices	35	35	35	35	35	35	35	35	35	35	35	35	420
Insurance & Bonds	0	0	0	0	0	0	1,000	0	0	0	0	0	1,000
Permit Fees	350	0	0	0	0	0	0	0	0	0	0	0	350
Repairs & Maintenance	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	42,504
Utilities	778	780	732	768	772	828	776	776	776	776	776	776	9,314
Wages & Salaries	839	960	960	960	839	960	960	839	960	960	960	839	11,036
Payroll Expenses	66	76	76	76	66	76	76	66	76	76	76	66	872
<b>Total Expenses</b>	<u>6,810</u>	<u>6,593</u>	<u>6,545</u>	<u>6,581</u>	<u>6,454</u>	<u>6,641</u>	<u>7,589</u>	<u>6,458</u>	<u>6,589</u>	<u>6,589</u>	<u>6,589</u>	<u>6,458</u>	<u>79,896</u>
<b>Operating Profit</b>	<u>6,103</u>	<u>6,610</u>	<u>6,630</u>	<u>3,973</u>	<u>5,899</u>	<u>3,376</u>	<u>1,554</u>	<u>2,927</u>	<u>2,251</u>	<u>1,839</u>	<u>3,684</u>	<u>6,303</u>	<u>51,149</u>
<b>Other Income (Expenses)</b>													
Interest Income	0	0	2	2	2	2	2	2	2	2	2	2	21
Interest Expense	(1,968)	(1,968)	(1,968)	(1,968)	(1,968)	(1,969)	(1,968)	(1,968)	(1,968)	(1,968)	(1,968)	(1,969)	(23,618)
Depreciation	(5,769)	(5,768)	(5,768)	(5,769)	(5,768)	(5,768)	(5,768)	(5,768)	(5,769)	(5,768)	(5,768)	(5,769)	(69,220)
<b>Total Other Income (Expenses)</b>	<u>(7,737)</u>	<u>(7,736)</u>	<u>(7,734)</u>	<u>(7,735)</u>	<u>(7,734)</u>	<u>(7,735)</u>	<u>(7,734)</u>	<u>(7,734)</u>	<u>(7,735)</u>	<u>(7,734)</u>	<u>(7,734)</u>	<u>(7,736)</u>	<u>(92,817)</u>
<b>Net Profit</b>	<u>(1,634)</u>	<u>(1,125)</u>	<u>(1,104)</u>	<u>(3,762)</u>	<u>(1,835)</u>	<u>(4,359)</u>	<u>(6,180)</u>	<u>(4,807)</u>	<u>(5,484)</u>	<u>(5,895)</u>	<u>(4,050)</u>	<u>(1,433)</u>	<u>(41,668)</u>

Revenues are projected based on prior billings. Loves Truck Stop breaking ground May, 2019. Projected opening May, 2020.

Expenses are based on prior experience.

Interest Expense is on a \$1,069,673 loan from the State of TN, plus \$153,460 from Rural Development.

Depreciation expense is based on the following:

Distribution System; 39 years; S/L

Sewer Plant Improvements, 20 years, S/L

Repairs and maintenance based upon prior experience. Projecting repairs of 4 water leaks a year plus repair of motors.

**Benton Decatur Special Sewer District**  
**Projected Income Statement for the Twelve Months Ended June 30, 2021**

	Jul-20	Aug-20	9/31/20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>Revenue</b>													
Billings Paid	17,569	17,916	17,831	15,351	17,009	15,064	13,799	14,432	13,496	10,808	16,815	18,249	188,339
<b>Total Revenue</b>	<u>17,569</u>	<u>17,916</u>	<u>17,831</u>	<u>15,351</u>	<u>17,009</u>	<u>15,064</u>	<u>13,799</u>	<u>14,432</u>	<u>13,496</u>	<u>10,808</u>	<u>16,815</u>	<u>18,249</u>	<u>188,339</u>
<b>Cost of Goods Sold</b>													
Cost of Operations	1,693	1,750	1,693	1,834	1,693	2,084	1,693	2,084	1,693	2,084	1,693	1,750	21,744
<b>Total Cost of Goods Sold</b>	<u>1,693</u>	<u>1,750</u>	<u>1,693</u>	<u>1,834</u>	<u>1,693</u>	<u>2,084</u>	<u>1,693</u>	<u>2,084</u>	<u>1,693</u>	<u>2,084</u>	<u>1,693</u>	<u>1,750</u>	<u>21,744</u>
<b>Gross Profit</b>	<u>15,876</u>	<u>16,166</u>	<u>16,138</u>	<u>13,517</u>	<u>15,316</u>	<u>12,980</u>	<u>12,106</u>	<u>12,348</u>	<u>11,803</u>	<u>8,724</u>	<u>15,122</u>	<u>16,499</u>	<u>166,595</u>
<b>Administrative Expenses</b>													
Accounting Fees	200	200	200	200	200	200	200	200	200	200	200	200	2,400
NUD-Administrative Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Advertising/Legal Notices	35	35	35	35	35	35	35	35	35	35	35	35	420
Insurance & Bonds	0	0	0	0	0	0	1,000	0	0	0	0	0	1,000
Permit Fees	350	0	0	0	0	0	0	0	0	0	0	0	350
Repairs & Maintenance	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	3,542	42,504
Utilities	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Wages & Salaries	839	960	960	960	839	960	960	839	960	960	960	839	11,036
Payroll Expenses	66	76	76	76	66	76	76	66	76	76	76	66	872
<b>Total Expenses</b>	<u>6,832</u>	<u>6,613</u>	<u>6,613</u>	<u>6,613</u>	<u>6,482</u>	<u>6,613</u>	<u>7,613</u>	<u>6,482</u>	<u>6,613</u>	<u>6,613</u>	<u>6,613</u>	<u>6,482</u>	<u>80,182</u>
<b>Operating Profit</b>	<u>9,044</u>	<u>9,553</u>	<u>9,525</u>	<u>6,904</u>	<u>8,834</u>	<u>6,367</u>	<u>4,493</u>	<u>5,866</u>	<u>5,190</u>	<u>2,111</u>	<u>8,509</u>	<u>10,016</u>	<u>86,413</u>
<b>Other Income (Expenses)</b>													
Interest Income	2	2	2	2	2	2	2	2	2	2	2	2	24
Interest Expense	(1,836)	(1,836)	(1,836)	(1,836)	(1,836)	(1,836)	(1,836)	(1,836)	(1,836)	(1,836)	(1,836)	(1,837)	(22,033)
Depreciation	(5,769)	(5,768)	(5,768)	(5,769)	(5,768)	(5,768)	(5,768)	(5,768)	(5,769)	(5,768)	(5,768)	(5,769)	(69,220)
<b>Total Other Income (Expenses)</b>	<u>(7,603)</u>	<u>(7,602)</u>	<u>(7,602)</u>	<u>(7,603)</u>	<u>(7,602)</u>	<u>(7,602)</u>	<u>(7,602)</u>	<u>(7,602)</u>	<u>(7,603)</u>	<u>(7,602)</u>	<u>(7,602)</u>	<u>(7,604)</u>	<u>(91,229)</u>
<b>Net Profit</b>	<u>1,441</u>	<u>1,951</u>	<u>1,923</u>	<u>(699)</u>	<u>1,232</u>	<u>(1,235)</u>	<u>(3,109)</u>	<u>(1,736)</u>	<u>(2,413)</u>	<u>(5,491)</u>	<u>907</u>	<u>2,412</u>	<u>(4,816)</u>

Revenues are projected based on prior billings.

Expenses are based on prior experience.

Interest Expense is on a \$1,069,673 loan from the State of TN, plus \$153,460 from Rural Development.

Depreciation expense is based on the following:

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