TENNESSEE LOCAL DEVELOPMENT AUTHORITY
OCTOBER 24, 2019
AGENDA

1. Call Meeting to Order

2. Approval of minutes from the TLDA meeting of September 19, 2019

3. Request from the City of Crossville to issue refunding bonds in an amount not to exceed $28,100,000 on parity with its SRF loans

4. Request from the Hallsdale-Powell Utility District to issue Revenue Refunding and Improvement Bonds in an amount not to exceed $42,000,000 senior to its SRF loans

5. Request from Loudon County and Monroe County to issue Water and Sewer Revenue Bonds for the Tellico Area Services System in an amount not to exceed $6,500,000 on parity with its SRF loans

6. Request from the Water Authority of Dickson County to issue Revenue Refunding Bonds in an amount not to exceed $18,500,000 on parity with its SRF loans

7. Consider for approval the following CWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate
Oliver Springs, CW7 2019-437	$ -	$500,000	$ 500,000	0.00%
Dyersburg, CG7 2020-439	$ 2,000,000	$500,000	$ 2,500,000	0.38%
Chattanooga, SRF 2018-406-01	$30,000,000	$ -	$30,000,000	1.17%

8. Report on DWSRF unobligated balance

9. Report on SRF borrowers that have not submitted requests for project expense reimbursement

10. Presentation of the Ability to Pay Index

11. Discussion regarding Request for Proposal (RFP) for Financial Advisor

12. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
September 19, 2019

The Tennessee Local Development Authority (the Authority or TLDA) met on Thursday, September 19, 2019, at 1:00 p.m. in Executive Conference Room, Ground Floor, State Capitol, 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
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.

Mr. Hargett asked for a motion to approve the minutes of the June 27, 2019 TLDA meeting. Dr. Moore made a motion to approve the minutes, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The minutes were unanimously approved.

Mr. Hargett stated that the next item of business was a report on the notification submitted by Bluff City to comply with the TLDA SRF Policy and Guidance for Borrowers. He recognized Ms. Thompson to present the report. Ms. Thompson stated that in order to comply with the policy and guidance for borrowers, Bluff City submitted a letter to notify the TLDA that it was proposing to issue Bond Anticipation Notes in an amount not to exceed $1,182,000. Mr. Hargett stated that this was not an action item. Ms. Thompson affirmed that was correct. Mr. Wilson inquired if the proposed issuance complies with TLDA policy, and Ms. Thompson responded affirmatively. Mr. Hargett then continued with the agenda.

Mr. Hargett stated that the next item of business was a request from the Poplar Grove Utility District (the "District") to issue Water and Revenue Bonds in an amount not to exceed $1,050,000 with a subordinate lien position to its existing SRF loan. He called on Ms. Thompson to present the request. Ms. Thompson stated that in order to comply with TLDA SRF Policy & Guidance for Borrowers, the District submitted a letter requesting approval to issue revenue bonds subordinate to its outstanding SRF loans. She stated that the OSLF had conducted a review and determined that the District was in compliance with TLDA requirements and that staff recommended approval to issue the debt. Mr. Wilson asked if there were sufficient revenues to service the SRF loan. Ms. Thompson responded affirmatively.

Mr. Hargett asked if there were any other questions. Hearing none, Mr. Lillard made a motion to approve, and Mr. Hargett seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was a request from the City of Oak Ridge to issue Revenue Bonds in an amount not to exceed $23,850,745. He acknowledged the city's manager in attendance, Dr. Mark Watson, as well as the city's finance director, Janice McGinnis. Mr. Hargett then asked Ms. Thompson to present the request. Ms. Thompson stated that the City of Oak Ridge was requesting approval from the TLDA to issue revenue and tax bonds on parity with one of its SRF loans related to this particular project. She further stated that the loan requested was with the Environment Protection Agency's (the "EPA") Water Infrastructure Finance and Innovation Act (WIFIA) program, and that it was very important the city have the funds in order to complete the project. She pointed out that in the past, the TLDA had required funds borrowed from the United States Department of Agriculture (USDA) loan program to be subordinate to any outstanding SRF loans, but in this case, TLDA staff recommended moving forward even though the city was requesting parity with its SRF loan. Mr. Hargett then asked Dr. Watson or Ms. McGinnis if they would like to address the TLDA. Dr. Watson responded affirmatively and began by explaining that the City of Oak Ridge had been working out the financial mechanisms for total replacement of the water plant facility. He continued by saying that the EPA wanted a parity lien position to all of the City's outstanding SRF loans but stated that he didn't see that happening. Dr. Watson said that after discussion and staff recommendation for parity with the one SRF loan associated with the project, the City was pleased with where it was at. He then said that he would be happy to answer any questions and that he would leave pictures of the water facility's progress for the TLDA's review. Mr. Hargett inquired if the Authority had any questions for Dr. Watson. Mr. Wilson responded by saying that the City's current debt service was about $2,000,000 overall and that this loan would be on parity with most of its debt but not all. Dr. Watson responded affirmatively. Mr. Hargett asked Ms. Thompson if staff recommended parity with the one drinking water loan. She affirmed that it was just the one loan in the amount of $3.2 million. Mr. Lillard commented that this was the only parity loan. Ms. Thompson affirmed that it was. Mr. Lillard then asked if the City's request included loans other than the $3.2 million. Ms. Thompson responded by saying that the City was asking approval of parity with the WIFIA loan. Mr. Wilson asked if the City was rated by S&P and Moody's, and Dr. Watson replied that it was AA+. Mr. Wilson then asked Ms. Thompson if there were adequate funds projected to service the debt. She affirmed that there was.

Mr. Hargett asked if there were any further questions or discussion. Hearing none, Mr. Lillard made a motion to approve, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item of business was a request from the Hamilton County Water and Wastewater Treatment Authority (the "HCWWTA") to issue short-term bonds in an amount not to exceed $20,000,000 (Series 2019) on parity with its outstanding SRF loan agreements and $20,000,000 in long-term revenue bonds (Series 2022) with a senior lien position to its outstanding SRF loans. He stated that the proceeds of the long-term debt would be used to repay the short-term debt when it was due and payable in 2022. Mr. Hargett also noted that the request for approval of the Series 2022 bonds was three years in advance of the issuance. He acknowledged Mr. Michael Patrick, Executive Director of the HCWWTA in attendance, and then asked Ms. Thompson to present the request. Ms. Thompson stated that the HCWWTA had originally requested to issue the short-term bonds and planned to refinance that debt with long-term debt within the next three years. She explained that if the short-term debt was issued, and if the HCWWTA planned to issue long-term debt in the future, both requests would need to be approved at the same time. Ms. Thompson said that staff recommended the approval of the debt issuances; however, staff recommends that the HCWWTA submit a request for modified lien position 90 days prior to issuing the long-term debt to ensure that it meets the TLDA's criteria at the time of issuance. She further stated that the analysis performed by the OSLF included the HCWWTA's revenues, which were determined sufficient to cover its debt service, and that a security deposit was on hand in the amount of $1.2 million. Furthermore, staff determined that the HCWWTA had a history of timely repayment on current loans, had timely filed its audited financial statements, and its debt service coverage ratio met the minimum 1.20 times requirement. Mr. Hargett asked if there was any discussion. Dr. Moore replied by asking if the approval of the future issuance would lock it into a rate. He also asked how that would obligate the TLDA other than saying the bonds would be issued, and if it was based on the actual date of the bond issuance. Ms. Thompson explained that the plan was to issue long-term debt in the long run, but the short-term debt would be used to finance the project's construction. She said that this requires both short and long-term debt be approved, but that the HCWWTA had been asked to come back in order to determine its ability to repay its debt prior to the issuance of the long-term debt. Mr. Lillard commented that the TLDA was not committing to the rate now, and that it was similar to a short-term construction loan with a take-out. Ms. Thompson responded affirmatively. There was no further discussion.

Mr. Hargett moved approval, and Mr. Lillard seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item was a report on CWSRF unobligated balance. He recognized Dr. Leslie Gillespie-Marthaler to present the report. Dr. Gillespie-Marthaler stated the CWSRF unobligated balance was $92,604,737 as of June 27, 2019. Since that time, the balance had decreased due to a loan decrease for the City of Memphis. She stated that Memphis returned unused loan funds totaling $10,398,007 after it had determined it would not be able to use the funds related to a particular project. She further stated that the scope of that contract did not allow it to change how the money was used, and therefore, it needed to be returned to stay in compliance. She concluded by saying this amount increased TDEC's unobligated balance to $103,002,744. Mr. Hargett asked if anyone had questions about the report. Hearing none, he moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was consideration of approval for a Drinking Water State Revolving Fund (DWSRF) loan. He asked Dr. Leslie Gillespie-Marthaler to present the loan request. Dr. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was $42,156,612 as of June 27, 2019. Upon approval of the loan request to be presented totaling $85,000, the funds available for loan obligations would be $42,071,612. She then described the DWSRF loan request.

- **Smith Utility District (DWF 2019-219)** Requesting $85,000 for a new water storage tank (Replace existing grant water storage tank with a new 300,000-gallon WST); recommended interest rate of 0.49% based on the Ability to Pay Index (ATPI); Priority ranking 6 of 23 (FY 2017).

Mr. Hargett made a motion to approve the loan, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The motion was unanimously approved.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Wilson made a motion to adjourn, and Mr. Lillard seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The meeting was adjourned.

Approved on this _____ day of __________, 2019.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

October 13, 2019

CITY OF CROSSVILLE, TENNESSEE
Request for TLDA Approval of Additional Debt Issuance

The City of Crossville (the "City") has requested approval from the Tennessee Local Development Authority (TLDA) to issue refunding bonds on parity with its outstanding State Revolving Fund (SRF) loan agreements. Request for approval is required by provisions set forth in the SRF loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

The proposed debt will be issued up to a maximum of $28,100,000 and in three series:

(1) Not to exceed $4,300,000 General Obligation Refunding Bonds, Series 2019A (Tax-Exempt) (the "Series 2019A Refunding Bonds");

(2) Not to exceed $2,550,000 General Obligation Refunding Bonds, Series 2019B (Federally Taxable) (the "Series 2019B Taxable Refunding Bonds"); and

(3) Not to exceed $21,250,000 Water and Sewer Tax and Revenue Refunding Bonds Series 2019C (Tax-Exempt) (the "Series 2019C Refunding Bonds").

The aforementioned bonds will hereinafter collectively be referred to as the "Series 2019 Refunding Bonds."

Professionals engaged in the transaction:

Municipal Advisor:	Larry Kidwell, Kidwell & Company
Issuer's Bond Counsel:	Benjamin Regen, White & Regen, PLC
Disclosure Counsel:	Benjamin Regen, White & Regen, PLC
Underwriter:	to be determined

1. The requestor is a:

___ **Water Authority** planning to issue Revenue Debt

____ Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ___ Yes __No

_X_ **Municipality (town/city/county) planning to issue:**

_X_ General Obligation Debt

_X_ Revenue Debt – Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ____Yes __X_ No

2. Lien Position:

_X_ The borrower is requesting to issue the bonds with a parity lien position to its outstanding SRF loans.

___ The borrower is requesting to subordinate its outstanding SRF debt to the refunding debt issuance.

___ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.

3. The purpose of the proposed debt issuance is:

_X_ Refunding

___ New Money

4. Description and Additional Information:

The City plans to issue an estimated $26,295,000 Series 2019 Refunding Bonds. The bond proceeds will be used refund all callable maturities described as follows:

Series 2019A Refunding Bonds

- The City intends to sell $4,025,000 Series 2019A Refunding Bonds by competitive sale and priced at an estimated premium of $124,445.
- The Series 2019A Refunding Bonds will current refund $4,015,000 outstanding General Obligation Refunding and Improvement Bonds, Series 2012A (Tax Exempt) ("Series 2012A Bonds"), maturing June 1, 2020 through June 1, 2037.
- The City plans to issue the Series 2019A Refunding Bonds as balloon indebtedness due to the structure of the underlying bonds being refunded, subject to the Comptroller's approval.

Series 2019B Taxable Refunding Bonds

- The City intends to sell $2,390,000 Series 2019B Taxable Refunding Bonds by competitive sale and priced at an estimated premium of $4,779.

- The Series 2019B Taxable Refunding Bonds will current refund $2,315,000 outstanding General Obligation Refunding and Improvement Bonds, Series 2012B (Federally Taxable) ("Series 2012B Bonds"), maturing June 1, 2020 through June 1, 2028.

Series 2019C Refunding Bonds

- The City intends to sell $19,880,000 Series 2019C Refunding Bonds by competitive sale and priced at an estimated premium of $1,013,232.

- The Series 2019C Refunding Bonds will current refund the callable maturities of the outstanding bonds described below:

Amount Outstanding	Issue Name	Maturities
$8,125,000	Water & Sewer Rev & Tax Refunding & Improvement Bonds, Series 2012C	June 1, 2020 through June 1, 2032
$1,422,809	SRF Drinking Water Loan #00-020	June 1, 2020 through June 1, 2024
$1,376,613	SRF Clean Water Loan #2009-087	June 1, 2020 through June 1, 2028
$1,537,929	SRF Drinking Water Loan #2009-225	June 1, 2020 through June 1, 2028
$5,169,000	Loan Agreement with PBA of Clarksville, dated October 1, 2014	June 1, 2020 through June 1, 2034
$2,645,000	Loan Agreement with PBA of Clarksville, dated July 31, 2014	June 1, 2020 through June 1, 2028
$20,276,351	Total Refunded Bonds	

- The City plans to issue the Series 2019C Refunding Bonds as balloon indebtedness due to the structure of the underlying bonds being refunded, subject to the Comptroller's approval.

5. The debt rating of the borrower is: To be determined.

Please indicate N/R if not rated.

__tbd__ Moody's

__tbd__ Standard and Poor's

__tbd__ Fitch

6. The following SRF loans are currently authorized/outstanding:

Loan Type	Loan #	Loan Disbursements to Date (as of 9/26/2019)	Available to Draw	Outstanding Balance (as of 9/26/2019)	Maximum Annual Debt Service (MADS*)	
Water	DWF 00-020	$ 5,850,372	$ -	$ 1,341,437	$ 347,904	
Water	DWA 09-087	5,000,000	-	1,267,641	196,608	
Water	DW1 12-116	2,231,010	-	1,143,517	93,660	**
Sewer	CWA 09-225	4,500,000	-	1,132,848	177,744	
Sewer	CW1 15-346	1,917,911	-	1,558,375	101,004	**
					$ 916,920	

*MADS is an estimate until final expenses have been determined
*The borrower pledges its unobligated state-shared taxes in an amount equal to MADS
** Excluded from Series 2019 Refunding

7. Compliance with SRF Loan Agreement:

a. Timely repayments [*4.(a)*]

_X_ Yes ____ No

b. Security Deposit (UDs and Authorities) [8.]

____ Yes ____ No

Amount on deposit: N/A

c. GAAP Accounting and Audited Annual Financial Statement Requirement [*7.(g) and (m)(2)*]

GAAP Accounting: _X_ Yes ____ No

Timely Filing: _____Yes _X_ No

The City filed its fiscal year 2018 audited financial statements with the Division of Local Government Audit on January 4, 2019. The FY2018 audit was filed four days past the deadline because the City's current CPA firm had to correct the FY2017 audit prepared by the previous firm after it was rejected by the Division of Local Government Audit and the former firm dissolved.

d. Sufficient Revenues [*7.(k)*]

_X_Yes ____ No

For the fiscal year ended June 30, 2018, the City reported operating income of $2,011,324 and a positive change in net position of $1,238,412 for its water and sewer system, which demonstrates that its rate structure provides sufficient revenues to meet the City's expenses, including depreciation, and support continued customer growth.

As reported on the cash flow statement, debt service payments for fiscal year 2018 were $3,938,140 which included principal payments of $3,258,540, interest payments of $659,665 and fees on bonds of $19,935.

As of the fiscal year ended June 30, 2018, the City reported $6,513,996 in unrestricted cash and investments, and $87,887 in cash restricted for its water and sewer system.

e. Debt Service Coverage Ratios [*7.(l) and (m)(3) & (4)*]

The current and projected Debt Service Coverage Ratio meets or exceeds 1.2 times.

_X_ Yes _____ No

If no, include a schedule of revised rates and fees. ___ Included _X_ N/A

Most Recent Fiscal Year (m)(3):

The City's debt service coverage ratio was 2.78x for fiscal year ended June 30, 2018, and is estimated to be 2.69x for fiscal year 2019 (from the Summary of Historical and Pro Forma Debt Service Coverage Ratios schedule provided by the City). The City has met the debt service coverage requirement for fiscal year ended June 30, 2018.

Next Three Fiscal Years After Debt Issuance (m)(4):

The City's forecasted debt service coverage ratios and projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 2.69x to 2.79x for fiscal years 2020 through 2022 after the issuance of the Series 2019 Refunding Bonds.

f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)?
[*7.(n)*]

____ Yes _X_ No

If yes, reason for referral: ____________ Financial Distress _X_ N/A

If the reason is for financial distress, include a schedule of revised rates and fees along with a copy of the corrective action order from the respective board. ___ Included _X_ N/A

8. State-Shared Taxes (SST): (Towns, Cities, Counties):

$ 1,752,287	Received in fiscal year 2019
$ 916,920	Total Maximum Annual Debt Service
$ 835,367	Unobligated SSTs

9. Conclusion

Based upon our analysis, the City will have sufficient cash and revenues in its water and sewer enterprise fund to meet its obligations. The City appears to meet TLDA's guidelines for approval to issue refunding bonds with a parity lien position to its outstanding State Revolving Fund (SRF) loan agreements.

Attachment:

Financial Projections and Debt Service Coverage

City of Crossville, Tennessee

Financial Projections - Debt Service Coverage

	Actual	Actual	Forecast	Pro Forma		
	2017	2018	2019	2020	2021	2022
Operating Revenues	$ 10,664,708	$ 10,544,634	$ 10,755,527	$ 10,878,002	$ 10,862,525	$ 10,970,637
Operating Expenses	(5,318,189)	(5,487,247)	(5,596,992)	(5,424,553)	(5,457,320)	(5,708,932)
Operating Income	$ 5,346,519	$ 5,057,387	$ 5,158,535	$ 5,453,449	$ 5,405,205	$ 5,261,705
Interest Income	39,321	104,284	105,327	39,714	106,380	107,444
Cash from Operations	$ 5,385,840	$ 5,161,671	$ 5,263,862	$ 5,493,163	$ 5,511,585	$ 5,369,149
Annual Debt Service	$ 1,854,018	$ 1,854,018	$ 1,959,450	$ 1,967,432	$ 1,979,623	$ 1,996,784
Debt Service Coverage (Times)	2.90	2.78	2.69	2.79	2.78	2.69

CITY OF CROSSVILLE
392 NORTH MAIN STREET
CROSSVILLE, TENNESSEE 38555~4232
TEL (931) 484~5113
FAX (931) 484~7713

September 30, 2019

OFFICE OF THE MAYOR

Sandra W. Thompson
Director of the Office of State and Local Finance
Tennessee Comptroller of the Treasury
Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, Tennessee 37243-3400

Alicia West
Office of State and Local Finance
Tennessee Comptroller of the Treasury
Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, Tennessee 37243-3400

Dear Ms. Thompson and Ms. West:

City of Crossville, Tennessee (the "City") requests that the Tennessee Local Development Authority ("TLDA") approve, at its October 24, 2019, meeting, issuance of not in excess of \$4,300,000 General Obligation Refunding Bonds, Series 2019A (Tax-Exempt), not in excess of \$2,550,000 General Obligation Refunding Bonds, Series 2019B (Federally Taxable), and not in excess of \$21,250,000 Water and Sewer Tax and Revenue Refunding Bonds, Series 2019C (Tax-Exempt) (collectively, the "Series 2019 Bonds") on parity of lien with the City's remaining outstanding SRF Loans, to the extent those loans are not to be refunded in full by the Series 2019 Bonds. The City's SRF Water or Wastewater Loans presently outstanding include the following:

City of Crossville SRF Loans Outstanding

Loan ID	Interest Rate		Balance	Maturity
00-020*	1.770%	$	1,341,461.00	2024
2009-087*	2.830%	$	1,268,361.00	2032
2012-116	1.870%	$	1,143,517.00	2035
15-346	1.610%	$	1,558,375.00	2035
2009-225*	2.880%	$	1,132,895.00	2032
		$	6,444,609.00	

*Present municipal market rates of interest indicate refinancing of these SRF Loans will provide economic savings for the City, and such are included in the Financial Information Debt Refinancing Analysis attached hereto.

Purpose for Issuing the Proposed Series 2019 Bonds:

The City proposes to issue the Series 2019 Bonds to provide funding for the following purposes.

1. Refund the balance, principal and interest, of all outstanding maturities of the following indebtedness of the City:

   a. $4,205,000 General Obligation Refunding and Improvement Bonds, Series 2012A (Tax-Exempt);

   b. $3,780,000 General Obligation Refunding and Improvement Bonds, Series 2012B (Federally Taxable);

   c. $8,660,000 Water and Sewer Revenue and Tax Refunding and Improvement Bonds, Series 2012C (Tax-Exempt);

   d. 00-020 $1,422,809* SRF Drinking Water Loan;

   e. 2009-087 $1,376,613* SRF Clean Water Loan;

   f. 2009-225 $1,537,929* SRF Drinking Water Loan;

   g. $6,374,593** Loan Agreement dated October 1, 2014, which was funded by The Public Building Authority of Clarksville, Tennessee Local Government Loan Program Bonds, Series 2014;

   h. $3,747,350** Loan Agreement dated July 31, 2014, which was funded by The Public Building Authority of Clarksville, Tennessee Local Government Loan Program Bonds, Series 2014.

Note: All maturities of the above obligations are currently callable at the price of par plus accrued interest to the date of redemption of the respective obligations.

*Principal outstanding FY2020 through maturity of the referenced SRF Loans.

**Original amounts of the TMBF Loans currently outstanding in the amounts of approximately $5,169,000; and $2,645,000 respectively as of July 1, 2019.

2. Payment of costs of issuance associated with the issuance of the Series 2019 Bonds.

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Security for the Series 2019 Bonds:

1. The Series 2019A Bonds and Series 2019B Bonds shall be payable from and secured by the *ad valorem* taxes levied on all taxable property in the City without limitation as to rate or amount.

2. The Series 2019C Bonds shall be payable primarily from the net revenues of the City's Water and Sewer System and in the event of a deficiency from the *ad valorem* taxes levied on all taxable property in the City without limitation as to rate or amount.

Financial Information:

Attached to this correspondence are the following financial schedules:

- FY2014-FY2018 Historical Summary of Balance Sheet Changes (i.e. Assets and Liabilities + Net Position) for the Governmental and Water and Sewer Funds of the City.

- FY2014-FY2018 Historical Summary of Income Statement Changes (i.e. Revenue, Expenditures + Changes in Net Position) for the Governmental and Water and Sewer Funds of the City.

- FY2019-FY2038 Summary of Estimated Total Annual Debt Service Requirements for the General and Water and Sewer Funds of the City.

- FY2014-FY2023 Historical and Pro Forma Debt Service Coverage Ratio Analysis for Water and Sewer Fund of the City.

- Series 2019 General Obligation and Water and Sewer Revenue and Tax Refunding Bonds Estimated Financial Calculations.

We appreciate your attention to this matter and the assistance of the Office of the Comptroller of the Treasury of Tennessee. If you require additional information, or we can further assist your efforts, please contact Fred Houston, the City's Finance Director, at (931) 484-5113, Benjamin C. Regen – Bond Counsel for the City's proposed Series 2019 Bonds at (615) 446-2882, or Larry Kidwell – Kidwell & Company, Municipal Advisor for the City at (615) 714-4525.

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With kindest regards, I am

Yours very truly,

James S. Mayberry
Mayor

Enclosures: Financial information and schedules referenced herein.

Tennessee Comptroller of the Treasury

Justin P. Wilson
Comptroller

Jason E. Mumpower
Deputy Comptroller

October 9, 2019

Hallsdale-Powell Utility District

Request for TLDA Approval to Issue Additional Debt

The Hallsdale-Powell Utility District (the "District") is requesting approval from the Tennessee Local Development Authority (TLDA) to issue up to $42,000,000 in Revenue Refunding and Improvement Bonds, Series 2019 (the "Series 2019 Bonds"), with a senior lien position to its eight remaining State Revolving Fund (SRF) loan agreements (see chart below).

Request for approval is required by provisions set forth in the SRF loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers.*

Professionals

The District reported working with the following professionals on the transaction:

Municipal Advisor—Stifel—Bryan Huskey
Bond Counsel—Waller Lansden Dortch & Davis—Alex Buchanan
Underwriter—Wiley Bros.—Keener Billups

1. The requestor is a:

_X_ Utility District or Water/Wastewater Authority planning to issue Revenue Debt

____ Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ___ Yes _X_ No

____ Municipality (town/city/county) planning to issue:

____ General Obligation Debt

____ Revenue Debt – Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ____Yes ____ No

2. Lien Position:

___ The borrower is requesting to issue the refunding and improvement bonds with a parity lien position to its outstanding SRF loan(s).

_X_ The borrower is requesting to subordinate its outstanding SRF debt to the debt issuance.

____ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.

3. The purpose of the proposed debt issuance is:

_X_ Refunding

_X_ New Money

4. Description and Additional Information:

The District intends to sell $38,960,000 Series 2019 Bonds, priced at a premium of $5,595,278 and plans to use the proceeds as follows:

- $12,092,718 to current refund:
  - $1,097,042 State Revolving Fund Loan Agreement DGA 09-086;
  - $5,098,193 State Revolving Fund Loan Agreement CGA 09-233;
  - $1,424,062 Utilities Revenue Improvement Bonds (Rural Development), Series 2013-A; and
  - $4,612,676 Utilities Revenue Improvement Bonds (Rural Development), Series 2013-B.
- $32,850,844 to finance capital improvements to the water and sewer system; and
- $332,780 to pay costs of issuance.

Outstanding Debt

For the fiscal year ended March 31, 2019, the District's audited financial statements reflected total outstanding debt of $133,293,816, consisting of $72,195,525 in revenue bonds and $61,098,294 in SRF loan agreements. At March 31, 2019, SRF loans made up 47.43% of the District's outstanding debt.

5. The debt rating of the borrower is:

Please indicate N/R if not rated.

_N/R_ Moody's

_AA_ Standard and Poor's

_N/R_ Fitch

6. The following SRF loans are currently authorized/outstanding:

Loan Type	Loan Number	Loan Disbursements to Date (as of 9/18/2019)	Outstanding Loan Balance, if applicable (as of 9/19/2019)	Maximum Annual Debt Service (MADS)
SRF/Sewer	SRF-05-186	$ 52,898,483	$ 40,251,416	$ 2,867,772
SRF/Sewer	CGA 09-233 (1)	12,112,641	5,098,192	464,412
SRF/Sewer	SRF 11-279	8,600,000	7,698,888	472,312
SRF/Sewer	CG3 14-332	4,000,000	3,324,444	225,110
SRF/Sewer	CG2 14-333	940,833	862,671	56,088
SRF/Sewer	CW6 17-394 (2)	-	-	54,278
SRF/Sewer	SRF 17-395 (2)	-	-	729,739
SRF/Sewer	SRF 18-410 (3)	2,180,490	2,180,490	268,927
SRF/Water	DWF 05-062	7,500,000	3,369,664	406,718
SRF/Water	DWF 06-069	2,500,000	1,124,415	135,840
SRF/Water	DGA 09-086 (1)	2,825,000	1,097,042	107,976
SRF/Water	DG0 11-111	3,847,000	2,047,947	167,712
Total				$5,956,884

(1) The District will refund the loan agreement with the proposed Series 2019 Bonds.

(2) In its letter dated September 25, 2019, the District stated that it plans to withdraw/cancel this loan request. The District has made no draws and the security deposit is not yet funded.

(3) SRF 18-410 has $2,367,760 available to draw.

7. Compliance with SRF Loan Agreement:

a. Timely repayments [*4.(a)*]
_X_ Yes ____ No

b. Security Deposit (UDs and Authorities) [8.]

_X_ Yes ____ No

Amount on deposit: $5,172,867

c. GAAP Accounting and Audited Annual Financial Statement Requirement [*7.(g) and (m)(2)*]

GAAP Accounting: __X__ Yes ____ No

Timely Filing: __X__Yes _____No

The District has timely filed its audited financial statements with the Division of Local Government Audit for fiscal year ended March 31, 2019. The audit was filed within six months after the District's fiscal year end.

d. Sufficient Revenues [*7.(k)*]

_X_ Yes ____No

For the fiscal year ended March 31, 2019, the District's audited financial statements reflected operating income of $8,324,431, and a positive change in net position of $6,114,030. The District's statement of cash flows reflected debt service payments of $8,932,127, consisting of principal payments of $5,655,148 and interest payments of $3,276,979.

At March 31, 2019, the District reported $26,960,720 in unrestricted cash and $12,734,955 in restricted cash and investments.

e. Debt Service Coverage Ratios [*7.(l) and (m)(3) & (4)*]

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.
_X_ Yes ____ No

If no, include a schedule of revised rates and fees. ___ Included _X_ N/A

The current and projected Debt Service Coverage Ratio meets or exceeds 1.2 times.

Most Recent Fiscal Year (m)(3):

The District's debt service coverage ratio was 1.67x for fiscal year 2018 and 1.52x for fiscal year 2019 (as provided by the District). The District has met the debt service coverage requirement for fiscal years 2018 and 2019.

Next Three Fiscal Years After Debt Issuance (m)(4):

The District projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 1.33x to 1.49x for fiscal years 2020 through 2023.

f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)? [*7.(n)*]

____ Yes   __X__ No
If yes, reason for referral: ___ Water Loss ___ Financial Distress _X_ N/A

If the reason is for financial distress, include a schedule of revised rates and fees along with a copy of the corrective action order from the respective board. ___ Included _X_ N/A

8. State-Shared Taxes (SST): (Towns, Cities, Counties): N/A

$__________________ Received in prior fiscal year

$__________________ Total Maximum Annual Debt Service

$__________________ Unobligated SSTs

9. Conclusion

Based on our analysis, the District will have sufficient cash and revenues to meet its obligations, including its Series 2019 Bonds. The District appears to meet TLDA's guidelines for approval to issue the Series 2019 Bonds with a senior lien position to its outstanding State Revolving Fund (SRF) loan agreements. The lien position of the SRF loans will be subordinate to that of the bonds being issued.

Attachments:

Debt Service Coverage Ratios

Letter requesting the removal of SRF Loans: CW6 2017-394, and SRF 2017-395

Debt Service Coverage for the Hallsdale-Powell Utilities District

	Audited 2016	Audited 2017	Audited 2018	Audited 2019	Budgeted 2020	Pro forma 2021	Pro forma 2022	Pro forma 2023
Revenue and Capital Contributions								
Metered water sales	$14,119,707	$14,433,155	$15,092,468	$15,234,501	$16,075,718	$16,557,990	$17,054,729	$17,566,371
Metered wastewater sales	12,767,987	$13,463,091	$14,691,564	$15,066,896	$16,385,045	$16,876,596	$17,382,894	$17,904,381
Connection Fees	383,910	$435,067	$490,871	$303,007	$234,791	$239,487	$244,277	$249,162
Penalties	596,858	$578,154	$582,981	$490,829	$513,105	$523,367	$533,834	$544,511
Miscellaneous	801,986	330,086	402,351	409,694	$486,122	$495,844	$505,761	$515,877
Interest Income	157,716	166,108	182,539	557,623	$383,509	$391,179	$399,003	$406,983
Total Revenue	$28,828,164	$29,405,661	$31,442,774	$32,062,550	$34,078,290	$35,084,463	$36,120,499	$37,187,285
Expenses								
Salaries and related expenses	6,402,982	6,892,702	6,578,384	7,573,287	8,410,404	8,578,612	8,750,184	8,925,188
Professional and contract services	790,990	760,330	935,874	1,143,684	588,874	600,651	612,665	624,918
Administration	784,875	772,201	825,508	922,373	1,558,506	1,589,676	1,621,470	1,653,899
Utilities	2,379,989	2,450,007	2,437,391	2,570,667	2,306,538	2,352,669	2,399,722	2,447,717
Supplies, repairs and maintenance	2,203,174	2,556,889	2,587,273	3,284,855	3,660,761	3,733,976	3,808,656	3,884,829
Vehicles and equipment	155,769	170,389	192,635	225,604	349,851	356,848	363,985	371,265
Total Expenses	12,717,779	13,602,518	13,557,065	15,720,470	16,874,934	17,212,433	17,556,681	17,907,815
Net Revenue Available for Debt Service	$16,110,385	$15,803,143	$17,885,709	$16,342,080	$17,203,356	$17,872,031	$18,563,817	$19,279,470
Current Maximum Annual Debt Service								
Total Debt Service	$ 10,724,539	$ 10,724,539	$ 10,724,539	$ 10;724,539	$ 10,724,539	$ 10,724,540	$ 10,724,541	$ 10,724,542
Maximum Annual Debt Service Coverage Ratio	1.50X	1.47X	1.67X	1.52X	1.60X	1.67X	1.73X	1.80X
Maximum Annual Debt Service after Series 2019								
Total Debt Service	$ 12,901,712	$ 12,901,712	$ 12,901,712	$ 12,901,712	$ 12,901,712	$ 12,901,713	$ 12,901,714	$ 12,901,715
Maximum Annual Debt Service Coverage Ratio	1.25X	1.22X	1.39X	1.27X	1.33X	1.39X	1.44X	1.49X

Tennessee Comptroller of the Treasury
Office of State and Local Finance
Received Date: October 1, 2019

HALLSDALE-POWELL
UTILITY DISTRICT

September 25, 2019

Leslie Gillespie-Marthaler, Ph.D.
State Revolving Fund Loan Program - Director
William R. Snodgrass, Tennessee Tower
312 Rosa L. Parks Avenue, 12th floor
Nashville, TN 37243

Re: Loans Removal CW6 2017-394 and SRF 2017-395

Dear Ms. Gillespie-Marthaler:

Hallsdale-Powell Utility District respectfully requests that the two (2) SRF loans mentioned above be removed as we will not be submitting any draw requests on them. We have decided to seek funding for the construction project though issuance of public revenue bond indebtedness.

Please feel free to re-allocate those funds to other SRF loan applicants who are needing funding for their construction projects.

Sincerely,

Darren Cardwell

Darren Cardwell, General Manager
Hallsdale Powell Utility District

3745 Cunningham Road ▪ P.O. Box 5199 ▪ Knoxville, TN 37928-0199 ▪ 865-922-7547 ▪ fax 865-922-8428 waller

Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
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wallerlaw.com

Alexander B. Buchanan
615.850.8628 direct
alex.buchanan@wallerlaw.com

September 27, 2019

VIA EMAIL AND REGULAR MAIL

Ms. Sandi Thompson
Tennessee Local Government Authority
c/o Director, Office of State and Local Finance
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243

Re: Hallsdale-Powell Utility District of Knox County, Tennessee Waterworks and Sewer Revenue Refunding and Improvement Bonds, Series 2019

Dear Ms. Thompson:

On behalf of the Hallsdale-Powell Utility District of Knox County, Tennessee (the "District"), I am requesting that the Tennessee Local Development Authority ("TLDA") consent to proposed issuance of additional indebtedness by the District. Specifically, the District is requesting that TLDA consent to the issuance by the District of up to $42 million principal amount of the District's Revenue Refunding and Improvement Bonds, Series 2019 (the "Bonds"). As currently contemplated, the Bonds would be issued in the public marketplace and underwritten by Wiley Bros.-Aintree Capital LLC. It is proposed that the Bonds would be secured by the revenues of the District's water and sewer system (the "System") on parity with the District's 2009 Rural Development Bond, Series 2013 Public Market Bonds and Series 2018 Public Market Bonds. The District's 2005-062, 2005-186, 2006-069, 2011-111, 2011-279, 2014-332, 2014-333, and Series 2018-410 State Revolving Fund Loans will be subordinate to the Bonds, as previously consented to the Tennessee Local Development Authority.

The Bonds are proposed to be issued to finance improvements to the District's System and to refund certain indebtedness of the District. Specifically, the District would propose to refund:

(1) State of Tennessee DWSFR Loans Nos. 2009-086 and 2009-086 (ARRA) incurred to fund waterworks improvements for the District. These loans bear interest at a rate of 2.52%, payable through 2031.

(2) State of Tennessee CWSRF Loans Nos. 2009-233 and 2009-233 (ARRA) incurred to fund sewer improvements for the District. These loans also bear interest at a rate of 2.52%, payable through 2031.

(3) Utilities Revenue Improvement Bonds, Series 2013-A and 2013-B were issued to Rural Development to fund waterworks improvements for the District. These bonds bear

interest at a rate of 3.125%, payable in equal monthly installments of principal and interest through 2051 and 2052, respectively.

It is anticipated that the proposed refunding will generate in excess of $900,000 of net present value savings. The plan of finance with respect to the issuance of the Bonds will be filed with the Office of State and Local Finance by no later than October 2, 2019. I am enclosing current and pro forma debt service coverage information with respect to the proposed Bonds.

If there is additional information needed for this request to be considered at TLDA's meeting scheduled for October 24, 2019, please let me know. As always, I appreciate TLDA's anticipated cooperation in considering this request.

Very truly yours,

Alex

Alexander B. Buchanan

ABB:cty
Enclosure

"**Bond Purchase Agreement**" means the Bond Purchase Agreement between the District and the Underwriter in substantially the form attached as **Exhibit A**. If the Series 2019 Bonds are issued in more than one emission, each emission shall be sold pursuant to a separate Bond Purchase Agreement with such changes therein as shall be required to conform the Bond Purchase Agreement to the emission being sold.

"**Book-Entry System**" means a book-entry system established and operated for the recordation of Beneficial Owners pursuant to Section 2.4.

"**District**" means The Hallsdale-Powell Utility District of Knox County, Tennessee, and its successors and assigns.

"**General Manager**" means the person who is employed by the District as its general manager and serves as the District's President/Chief Executive Officer.

"**Indirect Participant**" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Series 2019 Bonds as a securities depository through a Participant.

"**Interest Payment Date**" means April 1 and October 1 of each year, commencing April 1, 2020, or if the date of issuance of the Series 2019 Bonds, or any emission thereof, is later than such date, the first April 1 or October 1 occurring after the date of issuance of the Series 2019 Bonds.

"**Master Resolution** means the Master Bond Resolution adopted by the District on August 30, 2002, as supplemented and amended.

"**Participant**" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Series 2019 Bonds as a securities depository.

"**President**" means the person holding the office of Chairman of the Board of Commissioners of the District.

"**Principal Payment Date**" means April 1 of each year, commencing April 1, 2020 or as is otherwise set forth in the Bond Purchase Agreement.

"Project" means the "project" financed with a portion of the proceeds of the Series 2019 Bonds, which shall include the acquisition, construction and equipping of extensions of and improvements to the System; the acquisition of all real and personal property appurtenant thereto; and the payment of legal, fiscal, engineering, architectural and administrative fees in connection therewith. The District may change the components comprising the Project as it determines to be in its interest but anticipates as of the date of this Resolution that the Project would include the sewer projects identified internally as the Beaver Creek Phase 1/Contract 1 improvements, including replacing the existing interceptor with new 48 inch diameter pipe, the downtown Powell sewer rehabilitation, the North Fork interceptor improvements project phase 2, the Temple Acres and surrounding area sewer rehabilitation, the sewer rehabilitation phase 5 and 6, the sewer line improvement along Bishop and Taggart area, the Beaver Creek WWTP Chlorine Conact Chamber improvements and the Beaver Creek Clarifier improvements and the water projects improvements identified internally as the Dry Gap Road improvements and the Central Avenue improvements.

"Record Date" means each March 15 and September 15, whether or not a Business Day.

"Refunded Obligations" means all or the portion of those maturities of the Series 2009 SRF Obligations and the Series 2013 Rural Utilities Service Bonds selected for refunding pursuant to Section 2.2 hereof.

"Securities Depository" means The Depository Trust Company and any substitute for or successor to such securities depository that maintains a Book-Entry System with respect to the Series 2019 Bonds.

"Securities Depository Nominee" means the Securities Depository or the nominee of such Securities Depository in whose name the Series 2019 Bonds are registered on the registration books of the District while the Series 2019 Bonds are in a Book-Entry System.

"Series 2002 Bonds" means collectively The Hallsdale-Powell Utility District of Knox County, Tennessee Waterworks and Sewer Revenue Refunding and Improvement Bonds, Series 2002-A and Series 2002-B.

"Series 2004 Bonds" means collectively The Hallsdale-Powell Utility District of Knox County, Tennessee Waterworks and Sewer Revenue Refunding and Improvement Bonds, Series 2004-A and Series 2004-B.

"Series 2005 Bonds" means the Utilities Improvement Revenue Bond, Series 2005.

"Series 2006 Bonds" means The Hallsdale-Powell Utility District of Knox County, Tennessee, Waterworks and Sewer Revenue Improvement Bonds, Series 2006.

"Series 2007 Bonds" means The Hallsdale-Powell Utility District of Knox County, Tennessee, Utilities Improvement Revenue Bond, Series 2007.

"Series 2008 Bonds" means The Hallsdale-Powell Utility District of Knox County, Tennessee, Waterworks and Sewer Revenue Improvement Bonds, Series 2008.

"Series 2009 Bonds" means The Hallsdale-Powell Utility District of Knox County, Tennessee, Utilities Improvement Revenue Bond, Series 2009.

Justin P. Wilson
Comptroller

Jason E. Mumpower
Deputy Comptroller

October 9, 2019
Tellico Area Services System
Request for TLDA Approval to Issue Additional Debt

The Tellico Area Services System (the "System") is requesting approval from the Tennessee Local Development Authority (TLDA) for Loudon County and Monroe County to jointly issue approximately $6,500,000 Water and Sewer Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), on parity with the Counties' two outstanding State Revolving Fund (SRF) loan agreements (see chart below). Request for approval is required by provisions set forth in the SRF loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

Professionals

The System reported working with the following professionals on the transaction:

Municipal Advisor—Not reported
Bond Counsel—Bass Berry & Sims—Jeff Oldham
Underwriter—Wiley Bros.—Keener Billups

1. The requestor is a:

_ X*__Utility District, System, or Water/Wastewater Authority planning to issue Revenue Debt
____ Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ___ Yes _X_ No

**The System is a joint venture owned by Loudon and Monroe Counties.*

____ Municipality (town/city/county) planning to issue:
____ General Obligation Debt
___ Revenue Debt – Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ____Yes ___ No

2. Lien Position:

__X__ The borrower is requesting to issue the bonds on parity with its outstanding SRF loan(s).

_____ The borrower is requesting to subordinate the lien position of its outstanding SRF debt to the lien position of its new debt issuance.

_____ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.

3. The purpose of the proposed debt issuance is:

_____ Refunding
__X__ New Money

4. Description and Additional Information:

Loudon County and Monroe County plan to jointly issue an estimated $6,500,000 Series 2019 Bonds payable solely from the net revenues of the System. The proceeds of the Series 2019 Bonds will be used to:

- Fund an upgrade of water lines in Loudon County;
- Fund a debt service reserve fund; and
- Pay costs of issuance of the Series 2019 Bonds.

Loudon and Monroe Counties each issued one of the outstanding SRF loans and each pledged their individual state shared taxes to the security of the loans.

5. The debt rating of the borrower is:

Please indicate N/R if not rated.

_N/R_ Moody's
_*_ Standard and Poor's
_N/R_ Fitch

**The System anticipates a rating on the Series 2019 Bonds between "A+" and "AA-."*

6. The following SRF loans are currently authorized/outstanding:

Loan Type	Loan Number	Loan Disbursements to Date (as of 7/31/2019)	Outstanding Loan Balance, if applicable (as of 7/31/2019)	Maximum Annual Debt Service (MADS)
Sewer	SRF 07-198 (Loudon County)	$4,272,958	$2,094,054	203,472
Sewer	SRF 07-198A (Monroe County)	4,272,658	2,102,393	204,288
			Total	$407,760

(Each County has pledged its state-shared taxes.)

7. Compliance with SRF Loan Agreement:

a. Timely repayments [*4.(a)*]

_X_ Yes ____ No

b. Security Deposit (UDs and Authorities) [8.]

____ Yes _X_ No

c. GAAP Accounting and Audited Annual Financial Statement Requirement [*7.(g) and (m)(2)*]

GAAP Accounting: _X_ Yes ____ No

Timely Filing: _____Yes ___X__No

The fiscal year 2018 audit was not filed within six months after the System's fiscal year ended June 30, 2018. The System filed its fiscal year 2018 audited financial statements with the Division of Local Government Audit on January 9, 2019, or nine days after the six-month deadline. In a letter dated October 1, 2019, the System's independent auditor, Whitlock & Company, CPAs, formerly Ingram Overholt and Bean, CPAs, described the late filing as being due to an internal problem at the audit firm and not related to the System. The fiscal year 2017 audit was filed within six months after the System's fiscal year end.

d. Sufficient Revenues [*7.(k)*]

_X_ Yes ____ No

For the fiscal year ended June 30, 2018, the System's financial statements reflected operating income of $1,028,725, and a positive change in net position of $1,079,427. The System's statement of cash flows reflected debt service payments of $897,363, consisting of principal payments of $829,033 and interest payments of $68,330.

The System reported $4,845,431 in unrestricted cash and CDs and $750,000 in restricted cash at June 30, 2018.

e. **Debt Service Coverage Ratios** [7.(l) and (m)(4)]

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.
_X__ Yes ______ No

If no, include a schedule of revised rates and fees. ___ Included _X_ N/A

Most Recent Fiscal Year (m)(3):
The System's debt service coverage ratio was 4.94x for fiscal year 2018 and is estimated to be 5.57x for fiscal year 2019 (as projected by the System). The System has met the debt service coverage requirement for fiscal years 2018 and 2019.

Next Three Fiscal Years After Debt Issuance (m)(4):
The System projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 3.03x to 3.22x for fiscal years 2020 through 2022.

f. **Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)?** [7.*(n)*]

____ Yes __X__ No

If yes, reason for referral: ___ Water Loss ___ Financial Distress _X_ N/A

If the reason is for financial distress, include a schedule of revised rates and fees along with a copy of the corrective action order from the respective board. ___ Included _X_ N/A

8. **State-Shared Taxes (SST): (Towns, Cities, Counties)**: N/A
Loudon County
$ 3,279,889 ________ Received in prior fiscal year
$ 203,472 ________ Total Maximum Annual Debt Service
$ 3,076,417 _______ Unobligated SSTs

Monroe County

$ 3,232,877	Received in prior fiscal year
$ 204,288	Total Maximum Annual Debt Service
$3,028,589	Unobligated SSTs

9. Conclusion

Based on our analysis it appears the System will have sufficient cash and revenues to meet its obligations which will include the proposed Series 2019 Bonds. The System appears to meet TLDA's guidelines for approval to issue the Series 2019 Bonds on a parity lien with its outstanding State Revolving Fund (SRF) loan agreements.

Attachments:
Debt Service Coverage Ratios
Letter from CPA Firm Regarding Late Audit Filing

Debt Service Coverage for Tellico Area Services Systems

25-Year Issuance

	Audited 2017	Audited 2018	Unaudited 2019	Pro forma 2020	Pro forma 2021	Pro forma 2022
Operating Revenue:						
Metered Water Sales	$ 3,748,253	$ 3,819,707	$ 3,939,635	$ 4,057,824	$ 4,179,559	$ 4,304,946
Water Tap Fees	$ 111,750	$ 143,931	$ 128,140	$ 131,984	$ 135,944	$ 140,022
Metered Sewer Sales, Service Charges and Tap Fees	$ 664,372	$ 703,641	$ 836,246	$ 861,333	$ 887,173	$ 913,789
Customer Forfeited Discounts	$ 33,096	$ 32,461	$ 32,692	$ 33,673	$ 34,683	$ 35,723
Sprinkler System Income	$ 66,760	$ 73,417	$ 51,070	$ 52,602	$ 54,180	$ 55,806
Contract Service	$ 87,982	$ 119,561	$ 104,792	$ 107,936	$ 111,174	$ 114,509
Service Fees	$ 43,631	$ 23,415	$ 54,581	$ 56,218	$ 57,905	$ 59,642
Other Income	$ -	$ 63,000	$ 63,000	$ 64,890	$ 66,837	$ 68,842
Interest Income	$ 34,675	$ 44,567	$ 68,997	$ 71,067	$ 73,199	$ 75,395
Total Operating Revenue	$ 4,790,519	$ 5,023,700	$ 5,279,153	$ 5,437,528	$ 5,600,653	$ 5,768,673
Operating Expenses:						
Total Operating Expenses	$ 3,011,830	$ 3,009,488	$ 3,009,488	$ 3,099,773	$ 3,192,766	$ 3,288,549
Net Revenue Available for Debt Service	$ 1,778,689	$ 2,014,212	$ 2,269,665	$ 2,337,755	$ 2,407,888	$ 2,480,124
Current Debt Service	$ 407,760	$ 407,760	$ 407,760	$ 407,761	$ 407,762	$ 407,763
Current Debt Service Coverage	**4.36 X**	**4.94 X**	**5.57 X**	**5.73 X**	**5.91 X**	**6.08 X**
Max Annual Debt Service after Series 2019 $6.0 Million 25-Year Issuance	$ 770,485	$ 770,485	$ 770,485	$ 770,486	$ 770,487	$ 770,488
Debt Service Coverage after Series 2019 $6.0 Million 25-Year Issuance	**2.31 X**	**2.61 X**	**2.95 X**	**3.03 X**	**3.13 X**	**3.22 X**

Whitlock & Company, P.C.

Certified Public Accountants

MICHAEL L. WHITLOCK, CPA
BRENDA LEDBETTER, MBA
KIMBERLY A. MCCALL, CPA
CHRIS ROP, CPA
ROBERT L. DYE, CPA
LONAS D. OVERHOLT, CPA
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375 Fountain View Circle
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(t) 865.981.9638
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2540 Sand Pike Blvd. #4
Pigeon Forge, TN 37863
(t) 865.428.0082

www.whitlockcpa.com

October 1, 2019

Mr. Mark Clinton
Tellico Area Services Systems
P.O. Box 277
Vonore, TN 37885

Re: Late Filing of 2018 Annual Audit Report

Mr. Clinton,

According to our records, the 2018 audited financial statements and water report were submitted to the State on January 9, 2019. As we issued the audit report on October 16, 2018 with an unqualified opinion, we can only conclude that the untimely submission was an oversight on our part. We sincerely apologize for this error and are implementing changes to our process to ensure this does not occur again.

If you have any questions or concerns, please do not hesitate to contact us.

Sincerely,

Karen Edwards

Karen Edwards, CPA
Whitlock & Company, P.C.
October 1, 2019

Tellico Area Services Systems

P.O. BOX 277 VONORE, TENNESSEE 37885 PHONE (423) 884-6400 OR (865) 856-3530

September 25, 2019

VIA E-MAIL (sandi.thompson@cot.tn.gov and alicia.west@cot.tn.gov)

Ms. Sandra Thompson, Director
Office of State and Local Finance
Cordell Hull Building
425 Fifth Avenue North
Nashville, Tennessee 37243

RE: Loudon and Monroe Counties (Tellico Area Services System)

Dear Sandi:

Loudon County and Monroe County (the "Counties") wish to consider whether to jointly issue up to $6,500,000 of water and sewer revenue bonds (the "Bonds") for the purposes set forth below. The Bonds would be payable solely from and secured solely by a senior lien on the net revenues of the Tellico Area Services System ("TASS"), which is jointly owned by the Counties (the "System"), on parity with the Counties' outstanding SRF Loans (SRF 07-198 and 07-198A) (the "SRF Loans"). Pursuant to the TLDA's guidelines, we hereby request that the TLDA consent to the issuance of the Bonds on parity with the Counties' outstanding SRF Loans.

The Bonds would be sold by negotiated sale to Wiley Bros. – Aintree Capital LLC. The Bonds would be structured as set forth in the financial reports included herewith as Exhibit A. The proceeds of the Bonds would be used to fund an upgrade of water lines in Loudon County consisting of replacing approximately 20,000 ft. of eight inch PVC water line with twelve inch ductile iron water line and upgrading a 200,000 gallon water tank with a new 1.2 million gallon water tank, fund a debt service reserve fund and to pay costs of issuing the Bonds. An anticipated sources and uses table is included in Exhibit A.

Unlike prior financings for TASS, the Bonds would not be general obligations of the Counties. As such, it is important that the Bonds be issued on a senior lien basis relative to System revenues – on parity with the SRF Loans. TASS believes that the additional interest expense payable on subordinate lien debt obligations would be cost-prohibitive.

TASS cites the following factors in favor of this request:

1. The Counties and TASS are in compliance with the terms of the SRF Loan Agreements.
2. The amount of authorized and outstanding TASS SRF debt is attached as Exhibit B.
3. The Counties and TASS have never failed to timely repay their SRF debt.
4. The Counties and TASS have filed their respective audited financial statements with the Division of Local Government Audit in a timely manner.
5. Current and pro forma debt service coverage is attached as Exhibit C.
6. The rights and lien position of the TLDA relative to the SRF Loans will not be affected.
7. The capital improvement project being financed with the proceeds of the Bonds is a long-term project that is vitally important to the health and welfare of the citizens within the TASS service area.

The Bonds will not be issued without the approval of both of the Counties. Upon receipt of the consent of the TLDA to this request, companion authorizing resolutions will be prepared and presented to each of the Counties' governing bodies for their consideration and approval.

I am happy to answer any questions you may have. Please also feel free to contact our bond counsel, Jeff Oldham of Bass, Berry & Sims.

Thanks for your help.

Yours truly,

Mark Clinton

Mark Clinton
Superintendent
Tellico Area Services System
865-856-3530
clinton@tassonline.org

cc: Jeff Oldham (joldham@bassberry.com)

27077925.1

Exhibit A

TABLE OF CONTENTS

Tellico Area Service System
Series 2019 25-Year Issuance

SOURCES AND USES OF FUNDS

Tellico Area Service System
Series 2019 25-Year Issuance

Sources:	
Bond Proceeds:	
Par Amount	6,345,000.00
Net Premium	128,270.80
	6,473,270.80

Uses:	
Project Fund Deposits:	
Project Fund	6,000,000.00
Other Fund Deposits:	
Debt Service Reserve Fund	362,725.00
Delivery Date Expenses:	
Cost of Issuance	110,450.00
Other Uses of Funds:	
Additional Proceeds	95.80
	6,473,270.80

BOND SUMMARY STATISTICS

Tellico Area Service System
Series 2019 25-Year Issuance

Dated Date	07/01/2019
Delivery Date	07/01/2019
Last Maturity	07/01/2044
Arbitrage Yield	2.822208%
True Interest Cost (TIC)	2.822208%
Net Interest Cost (NIC)	2.860840%
All-In TIC	2.974991%
Average Coupon	3.000000%
Average Life (years)	14.527
Duration of Issue (years)	11.466
Par Amount	6,345,000.00
Bond Proceeds	6,473,270.80
Total Interest	2,765,250.00
Net Interest	2,636,979.20
Total Debt Service	9,110,250.00
Maximum Annual Debt Service	362,725.00
Average Annual Debt Service	364,410.00
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	102.021604

Bond Component	Par Value	Price	Average Coupon	Average Life
Serials	1,990,000.00	106.540	3.000%	5.734
2034 Term	1,245,000.00	102.172	3.000%	13.060
2039 Term	1,440,000.00	100.000	3.000%	18.059
2044 Term	1,670,000.00	98.269	3.000%	23.054
	6,345,000.00			14.527

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,345,000.00	6,345,000.00	6,345,000.00
+ Accrued Interest			
+ Premium (Discount)	128,270.80	128,270.80	128,270.80
- Underwriter's Discount			
- Cost of Issuance Expense		-110,450.00	
- Other Amounts			
Target Value	6,473,270.80	6,362,820.80	6,473,270.80
Target Date	07/01/2019	07/01/2019	07/01/2019
Yield	2.822208%	2.974991%	2.822208%

BOND DEBT SERVICE

Tellico Area Service System
Series 2019 25-Year Issuance

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2020			95,175	95,175
06/30/2021	175,000	3.000%	187,725	362,725
06/30/2022	180,000	3.000%	182,400	362,400
06/30/2023	185,000	3.000%	176,925	361,925
06/30/2024	190,000	3.000%	171,300	361,300
06/30/2025	195,000	3.000%	165,525	360,525
06/30/2026	200,000	3.000%	159,600	359,600
06/30/2027	205,000	3.000%	153,525	358,525
06/30/2028	215,000	3.000%	147,225	362,225
06/30/2029	220,000	3.000%	140,700	360,700
06/30/2030	225,000	3.000%	134,025	359,025
06/30/2031	235,000	3.000%	127,125	362,125
06/30/2032	240,000	3.000%	120,000	360,000
06/30/2033	250,000	3.000%	112,650	362,650
06/30/2034	255,000	3.000%	105,075	360,075
06/30/2035	265,000	3.000%	97,275	362,275
06/30/2036	270,000	3.000%	89,250	359,250
06/30/2037	280,000	3.000%	81,000	361,000
06/30/2038	290,000	3.000%	72,450	362,450
06/30/2039	295,000	3.000%	63,675	358,675
06/30/2040	305,000	3.000%	54,675	359,675
06/30/2041	315,000	3.000%	45,375	360,375
06/30/2042	325,000	3.000%	35,775	360,775
06/30/2043	335,000	3.000%	25,875	360,875
06/30/2044	345,000	3.000%	15,675	360,675
06/30/2045	350,000	3.000%	5,250	355,250
	6,345,000		2,765,250	9,110,250

BOND PRICING

Tellico Area Service System
Series 2019 25-Year Issuance

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity
Serials:						
	07/01/2020	175,000	3.000%	1.650%	101.333	
	07/01/2021	180,000	3.000%	1.660%	102.625	
	07/01/2022	185,000	3.000%	1.670%	103.875	
	07/01/2023	190,000	3.000%	1.680%	105.085	
	07/01/2024	195,000	3.000%	1.690%	106.255	
	07/01/2025	200,000	3.000%	1.700%	107.385	
	07/01/2026	205,000	3.000%	1.750%	108.201	
	07/01/2027	215,000	3.000%	1.800%	108.903	
	07/01/2028	220,000	3.000%	1.850%	109.493	
	07/01/2029	225,000	3.000%	1.900%	109.975	
		1,990,000				
2034 Term:						
	07/01/2034	1,245,000	3.000%	2.750%	102.172 C	2.821%
2039 Term:						
	07/01/2039	1,440,000	3.000%	3.000%	100.000	
2044 Term:						
	07/01/2044	1,670,000	3.000%	3.100%	98.269	
		6,345,000				

Dated Date	07/01/2019	
Delivery Date	07/01/2019	
First Coupon	01/01/2020	
Par Amount	6,345,000.00	
Premium	128,270.80	
Production	6,473,270.80	102.021604%
Underwriter's Discount		
Purchase Price	6,473,270.80	102.021604%
Accrued Interest		
Net Proceeds	6,473,270.80	

COST OF ISSUANCE

Tellico Area Service System
Series 2019 25-Year Issuance

Cost of Issuance	$/1000	Amount
Bond Counsel	3.15209	20,000.00
Printing	0.07880	500.00
Reg and Pay Agent	0.23641	1,500.00
S&P	3.15209	20,000.00
Underwriter	10.00000	63,450.00
Misc	0.78802	5,000.00
	17.40741	110,450.00

G-23 DISCLOSURE

Tellico Area Service System
Series 2019 25-Year Issuance

Preliminary Numbers

We are writing to provide you with certain regulatory disclosures as required by the Municipal Securities Rulemaking Board. As part of our services, Wiley Bros. may provide advice concerning the structure, timing, terms and other similiar matters concerning an issue of municipal securities that Wiley Bros. is underwriting or placing. However, Wiley Bros. intends to serve as an underwriter with respect to the Bonds and not as a financial advisor to you; and the primary role of Wiley Bros. is to purchase the Bonds for resale to investors in an arm's-length commercial transaction between you and Wiley Bros. Wiley Bros. has financial and other interests that differ from your interests.

Current Debt Service Schedule for the Tellico Area Services Systems

	Series 2007 SRF (Loudon)			Series 2007 SRF (Monroe)			Total Debt Service		
FY	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2020	173,220	30,252	203,472	173,916	30,372	204,288	347,136	60,624	407,760
2021	175,776	27,696	203,472	176,484	27,804	204,288	352,260	55,500	407,760
2022	178,380	25,092	203,472	179,100	25,188	204,288	357,480	50,280	407,760
2023	181,020	22,452	203,472	181,752	22,536	204,288	362,772	44,988	407,760
2024	183,696	19,776	203,472	184,440	19,848	204,288	368,136	39,624	407,760
2025	186,420	17,052	203,472	187,176	17,112	204,288	373,596	34,164	407,760
2026	189,180	14,292	203,472	189,936	14,352	204,288	379,116	28,644	407,760
2027	191,976	11,496	203,472	192,744	11,544	204,288	384,720	23,040	407,760
2028	194,820	8,652	203,472	195,600	8,688	204,288	390,420	17,340	407,760
2029	197,700	5,772	203,472	198,492	5,796	204,288	396,192	11,568	407,760
2030	200,628	2,844	203,472	201,432	2,856	204,288	402,060	5,700	407,760
2031	84,544	313	84,857	84,800	313	85,113	169,344	626	169,970
Total	2,137,360	185,689	2,323,049	2,145,872	186,409	2,332,281	4,283,232	372,098	4,655,330

Exhibit B

Current and Proposed Debt Service for Tellico Area Service Systems

Proposed Series 2019 $6,000,000 New Money 25-Year Issuance

	Series 2007 Combined SRF			Series 2019 New money			Total Debt Service		
FY	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2020	347,136	60,624	407,760	-	95,175	95,175	347,136	155,799	502,935
2021	352,260	55,500	407,760	175,000	187,725	362,725	527,260	243,225	770,485
2022	357,480	50,280	407,760	180,000	182,400	362,400	537,480	232,680	770,160
2023	362,772	44,988	407,760	185,000	176,925	361,925	547,772	221,913	769,685
2024	368,136	39,624	407,760	190,000	171,300	361,300	558,136	210,924	769,060
2025	373,596	34,164	407,760	195,000	165,525	360,525	568,596	199,689	768,285
2026	379,116	28,644	407,760	200,000	159,600	359,600	579,116	188,244	767,360
2027	384,720	23,040	407,760	205,000	153,525	358,525	589,720	176,565	766,285
2028	390,420	17,340	407,760	215,000	147,225	362,225	605,420	164,565	769,985
2029	396,192	11,568	407,760	220,000	140,700	360,700	616,192	152,268	768,460
2030	402,060	5,700	407,760	225,000	134,025	359,025	627,060	139,725	766,785
2031	169,344	626	169,970	235,000	127,125	362,125	404,344	127,751	532,095
2032				240,000	120,000	360,000	240,000	120,000	360,000
2033				250,000	112,650	362,650	250,000	112,650	362,650
2034				255,000	105,075	360,075	255,000	105,075	360,075
2035				265,000	97,275	362,275	265,000	97,275	362,275
2036				270,000	89,250	359,250	270,000	89,250	359,250
2037				280,000	81,000	361,000	280,000	81,000	361,000
2038				290,000	72,450	362,450	290,000	72,450	362,450
2039				295,000	63,675	358,675	295,000	63,675	358,675
2040				305,000	54,675	359,675	305,000	54,675	359,675
2041				315,000	45,375	360,375	315,000	45,375	360,375
2042				325,000	35,775	360,775	325,000	35,775	360,775
2043				335,000	25,875	360,875	335,000	25,875	360,875
2044				345,000	15,675	360,675	345,000	15,675	360,675
2045				350,000	5,250	355,250	350,000	5,250	355,250
Total	4,283,232	372,098	4,655,330	6,345,000	2,765,250	9,110,250	10,628,232	3,137,348	13,765,580

TENNESSEE
COMPTROLLER
OF THE TREASURY

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

October 8, 2019

WATER AUTHORITY OF DICKSON COUNTY
Request for TLDA Approval of Additional Debt Issuance

The Water Authority of Dickson County (the "WADC") has requested approval from the Tennessee Local Development Authority (TLDA) to issue Water and Wastewater Revenue Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds") on parity with its outstanding State Revolving Fund (SRF) loan agreements.

Request for approval is required by provisions set forth in the SRF loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*. The proposed debt will be issued in an amount not to exceed $18,500,000.

Professionals engaged in the transaction:

Municipal Advisor:	Larry Kidwell, Kidwell & Company
Issuer's Bond Counsel:	Benjamin Regen, White & Regen, PLC
Disclosure Counsel:	Benjamin Regen, White & Regen, PLC
Underwriter:	to be determined

1. The requestor is a:

_X_ **Water Authority** planning to issue Revenue Debt

____ Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ___ Yes _X_ No

____ **Municipality (town/city/county) planning to issue:**

____ General Obligation Debt

____ Revenue Debt – Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ____Yes ____ No

2. Lien Position:

_X_ The borrower is requesting to issue the bonds with a parity lien position to its outstanding SRF loans.

___ The borrower is requesting to subordinate its outstanding SRF debt to the refunding debt issuance.

___ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.

3. The purpose of the proposed debt issuance is:

_X_ Refunding

___ New Money

4. Description and Additional Information:

The WADC plans to issue an estimated $18,220,000 Series 2019 Refunding Bonds. The bond proceeds will be used for the following purposes:

- To current refund the WADC's outstanding $17,620,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 2013 (the "Series 2013 Bonds"); and
- To pay costs of issuance of the Series 2019 Refunding Bonds.

5. The debt rating of the borrower is: To be determined.

Please indicate N/R if not rated.

tbd Moody's

tbd Standard and Poor's

tbd Fitch

6. The following SRF loans are currently authorized/outstanding:

Loan Type	Loan #	Loan Disbursements to Date (as of 8/31/2019)	Available to Draw	Outstanding Balance (as of 8/31/2019)	Maximum Annual Debt Service (MADS*)
Sewer	SRF 00-150	$ 414,156.00	$ -	$ 129,267.00	$ 27,444.00
Sewer	SRF 06-194	258,981.00	-	147,619.00	15,228.00
Sewer	CWA 09-247	2,400,000.00	-	868,828.20	83,460.00
Sewer	CW0 12-295	7,594,440.00	-	6,395,756.00	424,392.00
Sewer	CG5 17-384	1,340,185.00	-	249,782.00	14,835.00
Sewer	SRF 17-385	3,266,415.00	793,400.00	3,266,415.00	224,703.00
		$ 15,274,177.00	$ 793,400.00	$ 11,057,667.20	$ 790,062.00

*MADS is an estimate until final expenses have been determined

7. Compliance with SRF Loan Agreement:

a. Timely repayments [*4.(a)*]

_X_ Yes ____ No

b. Security Deposit (UDs and Authorities) [8.]

_X_ Yes ____ No

Amount on deposit: $790,062 (an estimate until final expenses have been determined)

c. GAAP Accounting and Audited Annual Financial Statement Requirement [*7.(g) and (m)(2)*]

The WADC has timely filed its audited financial statements with the Division of Local Government Audit through the fiscal year ended December 31, 2018. The audit was filed within six months after the WADC's fiscal year end.

d. Sufficient Revenues [*7.(k)*]

_X_ Yes ____ No

For the fiscal year ended December 31, 2018, the WADC reported operating income of $1,810,846 and a positive change in net position of $3,365,432, including capital contributions of $2,152,991. The WADC reported income before capital contributions of $1,212,441 which demonstrates that its rate structure provides sufficient revenues to meet the WADC's expenses including depreciation and support continued customer growth.

As reported on the cash flow statement, debt service payments for fiscal year 2018 were $2,604,968 consisting of principal payments of $1,942,198 and interest payments of $662,770.

As of the fiscal year ended December 31, 2018, the WADC reported $13,693,034 in unrestricted cash and $5,860,242 in restricted cash, $990,991 of which is restricted for debt service, including debt service reserves.

e. Debt Service Coverage Ratios [*7.(l) and (m)(3) & (4)*]

The current and projected Debt Service Coverage Ratio meets or exceeds 1.2 times.

_X_ Yes _____ No

If no, include a schedule of revised rates and fees. ___ Included _X_ N/A

Most Recent Fiscal Year (m)(3):

The WADC's debt service coverage ratio was 2.91x for fiscal year ended December 31, 2018, and is estimated to be 2.63x for fiscal year ended December 31, 2019 (from the Historical and Pro Forma Debt Service Coverage Analysis schedule provided by the WADC). The WADC has met the debt service coverage requirement for fiscal year ended December 31, 2018.

Next Three Fiscal Years After Debt Issuance (m)(4):

The WADC prepared forecasted debt service coverage ratios and projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 2.58x to 3.00x for fiscal years 2020 through 2022 after the issuance of the Series 2019 Refunding Bonds.

f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)? [*7.(n)*]

____ Yes _X_ No

If yes, reason for referral: ____________ Financial Distress _X_ N/A

If the reason is for financial distress, include a schedule of revised rates and fees along with a copy of the corrective action order from the respective board. ___ Included _X_ N/A

8. State-Shared Taxes (SST): (Towns, Cities, Counties): N/A

$__________________	Received in prior fiscal year
$__________________	Total Maximum Annual Debt Service
$__________________	Unobligated SSTs

9. Conclusion

Based upon our analysis, the WADC will have sufficient cash and revenues to meet its obligations. The WADC appears to meet TLDA's guidelines for approval to issue additional bonds with a parity lien position to its outstanding State Revolving Fund (SRF) loan agreements.

Attachment:

Financial Projections and Debt Service Coverage

Water Authority of Dickson County, Tennessee

Financial Projections - Debt Service Coverage

	Actual	Forecast	Pro Forma		
	2018	2019	2020	2021	2022
Operating Revenues	$ 17,774,275	$ 17,784,886	$ 18,140,583	$ 18,503,395	$ 18,873,463
Operating Expenses	(10,266,509)	(10,310,674)	(10,413,781)	(10,517,919)	(10,623,098)
Operating Income	$ 7,507,766	$ 7,474,212	$ 7,726,802	$ 7,985,476	$ 8,250,365
Interest Income	69,384	86,730	108,413	135,516	169,395
Cash from Operations	$ 7,577,150	$ 7,560,942	$ 7,835,215	$ 8,120,992	$ 8,419,760
Annual Debt Service	$ 2,604,968	$ 2,878,970	$ 3,033,582	$ 2,896,955	$ 2,808,122
Debt Service Coverage (Times)	2.91	2.63	2.58	2.80	3.00

Water Authority of Dickson County
101 Cowan Road, Dickson, Tennessee 37055
(615) 441-4188 Fax: (615) 441-9987

September 20, 2019

Sandra W. Thompson
Director of the Office of State and Local Finance
Tennessee Comptroller of the Treasury
Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, Tennessee 37243-3400

RECEIVED
SEP 2 0 2019
STATE AND LOCAL FINANCE

Alicia West
Office of State and Local Finance
Tennessee Comptroller of the Treasury
Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, Tennessee 37243-3400

Dear Ms. Thompson and Ms. West:

Water Authority of Dickson County (Tennessee) (the "Authority") requests that the Tennessee Local Development Authority ("TLDA") approve, at its October 24, 2019, meeting, issuance of not in excess of $18,500,000 in Water and Wastewater Revenue Refunding Bonds, Series 2019 (the "Series 2019 Bonds") on parity of lien with the Authority's outstanding SRF Wastewater Loans. The Authority's SRF Wastewater Loans presently outstanding include the following:

WADC SRF Wastewater Loans Outstanding

Loan ID	Interest Rate		Balance	Maturity
00-150	2.95%	$	127,280.00	2024
06-194	1.66%	$	146,571.00	2030
09-247	1.51%	$	863,293.00	2030
12-295	1.11%	$	6,366,220.00	2036
17-384	1.03%	$	248,757.00	2038
17-385	1.03%	$	3,266,415.00*	2039
		$	11,018,536.00	

*The Authority anticipates requesting an additional draw on SRF Loan No. 17-385 in the approximate amount of $700,000.

Water Authority of Dickson County – General Description:

The Authority (originally named the Dickson County Water Authority) was created in January 1990 by Chapter 124 of the Tennessee Private Acts of 1990, as amended by Chapter 51 of the Tennessee Private Acts of 2001 as a public and governmental body established for the purpose of planning, financing, developing and operating water and wastewater treatment and transmission facilities in the county. The Authority commenced active operations in May, 2002 upon the merger with and into the Authority of the water systems theretofore operated by Turnbull-White Bluff Utility District of Dickson County, Tennessee and Harpeth Utility District of Dickson County, Tennessee, as well as the consolidation into the Authority of the water and wastewater systems theretofore operated by City of Dickson, Tennessee. Effective October 1, 2006, the Authority acquired the water and wastewater systems theretofore operated by City of Fairview, Tennessee, and effective January 1, 2015, the Authority acquired the wastewater system theretofore operated by Town of White Bluff, Tennessee. In addition to its own retail customers, the Authority supplies water on a wholesale basis to Bon Aqua-Lyles Utility District of Hickman County, Tennessee, and Sylvia-Tennessee City-Pond Utility District of Dickson County, Tennessee.

Purpose for Issuing the Proposed Series 2019 Bonds:

The Authority proposes to issue the Series 2019 Bonds to provide funding for the following purposes:

1. Refund the entire balance, principal and interest, of all outstanding maturities of the Authority's Water and Sewer Revenue Refunding and Improvement Bonds, Series 2013 (the "Refunded Bonds"). Note: All maturities of the Series 2013 Bonds are currently callable at the price of par plus accrued interest to the date of redemption of the Bonds.

2. Payment of costs of issuance associated with the issuance of the Series 2019 Bonds.

Security for the Series 2019 Bonds:

The Bonds will be payable solely from and secured by a pledge of the Net Revenues. The punctual payment of principal of and premium, if any, and interest on the Authority's outstanding indebtedness, the Series 2019 Bonds, and any Parity Bonds, as applicable, shall be secured equally and ratably by the Net Revenues without priority by reason of series, number, or time of sale or delivery.

Financial Information:

Attached to this correspondence are the following financial schedules:

1. FY2007-FY2017 Historical Summary of Balance Sheet Changes (i.e. Assets and Liabilities + Net Position listed on successive pages)

2. FY2007-FY2017 Historical Summary of Income Statement Changes

3. FY2018-FY2038 Summary of Estimated Total Annual Debt Service Requirements

4. FY2007-FY2028 Historical and Pro Forma Debt Service Coverage Ratio Analysis

5. Series 2019 Water and Sewer Revenue Bonds Estimated Financial Calculations (i.e. the estimated WADC Series 2019 Bonds debt service requirements have been included in the Summary of Estimated Debt Service Requirements + Historical and Proforma Debt Service Coverage Ratio Analysis)

We appreciate your attention to this matter and the assistance of the Office of the Comptroller of the Treasury of Tennessee. If you require additional information, or we can further assist your efforts, please contact me at (615) 441-4188, Benjamin C. Regen – Bond Counsel for the Authority at (615) 446-228, or Larry W. Kidwell – Kidwell & Company, Municipal Advisor for the Authority at (615) 714-4525.

With kindest regards, I am

Yours very truly,

Michael K. Adams, PE
Executive Director

Enclosures

THE WATER AUTHORITY OF
DICKSON COUNTY, TENNESSEE
HISTORICAL SUMMARY OF BALANCE SHEET CHANGES
(FISCAL YEARS ENDED DECEMBER 31)

BALANCE SHEET PERFORMANCE -- ASSETS

ASSETS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
UTILITY PLANT AND EQUIPMENT										
Cost of Plant in Service Equipment/Other	116,662,267	120,650,385	123,591,733	126,797,221	131,595,507	134,485,212	140,324,835	151,393,979	154,233,596	162,318,413
Construction in Progress	53,521	709,862	555,320	1,673,356	375,585	1,472,541	5,742,926	720,871	3,914,618	6,869,073
Accumulated Depreciation	(39,738,484)	(43,784,542)	(47,573,511)	(51,596,422)	(55,608,452)	(59,666,077)	(64,329,353)	(69,547,493)	(74,820,871)	(80,178,405)
Net Utility Plant and Equipment	76,977,304	77,575,705	76,573,542	76,874,155	76,362,640	76,291,676	81,738,408	82,567,357	83,327,343	89,009,081
CURRENT ASSETS										
Cash	2,199,091	3,567,763	4,445,176	4,546,821	8,941,446	8,155,578	10,962,414	12,978,240	14,555,850	13,693,034
Accounts Receivable	812,099	1,043,708	985,822	966,287	1,711,935	886,362	983,582	890,014	1,126,649	1,189,390
Other Receivables	695,365	840,379	768,302	130,133		383,431	253,394	1,154,173	679,220	0
Inventory	430,459	390,488	382,336	388,093	372,570	361,920	386,590	358,526	352,695	397,471
Prepaid Expenses	166,282	126,478	126,216	137,599	216,644					
Unbilled Revenues/Other	0	71,040	168,363	756,941	85,148	1,125,569	975,877	219,380	1,065,113	1,056,685
Total Current Assets	4,303,296	6,039,856	6,876,215	6,925,874	11,327,743	10,912,860	13,561,857	15,600,333	17,779,527	16,336,580
Net Deferred Bond Issuance Costs	417,058	383,390	349,722	316,055	720,792	642,962	570,096	502,437	440,062	382,759
RESTRICTED ASSETS										
Construction Fund	0	31,772	0	1,279,637			154,362		23,765	5,659,313
Debt Service Fund	146,669	142,919	139,167	135,418	192,790	192,029	191,229	182,471	157,162	200,929
Debt Service Reserve Fund	2,750,363	2,828,462	2,827,570	2,096,394	572,352	630,823	572,352	572,352	790,062	790,062
Less: Current Portion of Restricted Assets	0	0	0							
Total Restricted Assets	2,897,032	3,003,153	2,966,737	3,511,449	765,142	822,852	917,943	754,823	970,989	6,650,304
NET PENSION ASSETS				224,093	295,246	363,767				
TOTAL ASSETS	$ 84,594,690	$ 87,002,104	$ 86,766,216	$ 87,851,626	$ 89,471,563	$ 89,034,117	$ 96,788,304	$ 99,424,950	$ 102,517,921	$ 112,378,724
DEFERRED OUTFLOWS OF RESOURCES										
Loss on Debt Refunding/Cost of Pension				19,710	16,179	12,930	340,797	1,004,042	518,983	3,015
Deferred Cost of Pension										642,994
Total Deferred Outflows of Resources				19,710	16,179	12,930	340,797	1,004,042	518,983	646,009
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 84,594,690	$ 87,002,104	$ 86,766,216	$ 87,871,336	$ 89,487,742	$ 89,047,047	$ 97,129,101	$ 100,428,992	$ 103,036,904	$ 113,024,733

THE WATER AUTHORITY OF
DICKSON COUNTY, TENNESSEE
HISTORICAL SUMMARY OF BALANCE SHEET CHANGES
(FISCAL YEARS ENDED DECEMBER 31)

BALANCE SHEET PERFORMANCE -- LIABILITIES AND NET POSITION

LIABILITIES AND NET POSITION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
LONG TERM LIABILITIES										
Bonds/Notes/Net Pension	31,373,930	30,788,868	27,380,891	27,668,136	28,970,746	26,988,024	29,009,508	28,819,597	26,672,080	34,001,495
Unamortized Deferred Amount										
Less: Current Debt Maturities					226,305	189,651				
Total Long Term Debt	31,373,930	30,788,868	27,380,891	27,668,136	29,197,051	27,177,675	29,009,508	28,819,597	26,672,080	34,001,495
CURRENT LIABILITIES										
Current Maturities of Long Term Debt	1,946,300	1,942,293	3,594,767	1,979,546	1,705,000	1,760,837	2,176,685	2,225,183	1,959,036	2,276,231
Currnent Maturities of Capital Lease				71,064	55,554	48,313	50,142	38,847		
Accounts Payable	238,657	310,996	513,714	764,345	313,161	532,636	1,083,889	326,150	2,391,859	1,180,049
Payroll/Deferred/Unearned Revenue	960,304	577,095	562,898	368,448	460,637	478,011	661,889	557,184	549,461	697,856
Customer Deposits										
Accrued Expenses/Accrued Compensated Absenses	479,843	555,287	605,986	525,991	698,655	568,558	286,978	254,433	254,368	287,695
Accrued Interest/Other Liabilities	103,527	91,903	91,903	91,903	48,062	45,221	375,176	414,926	409,627	415,502
Total Current Liabilities	3,728,631	3,477,574	5,369,268	3,801,297	3,281,069	3,433,576	4,634,759	3,816,723	5,564,351	4,857,333
TOTAL LIABILITIES	35,102,561	34,266,442	32,750,159	31,469,433	32,478,120	30,611,251	33,644,267	32,636,320	32,236,431	38,858,828
DISTRICT EQUITY										
Net Capital Assets	45,367,306	46,474,529	47,224,294	48,349,163	45,200,995	47,000,753	49,979,193	52,500,401	53,486,193	52,749,034
Restricted for Debt Service/Capital Improvements	1,033,505	1,184,267	1,241,863	1,745,767	717,079	719,159	684,962	699,615	899,429	6,374,148
Unrestricted	3,091,318	5,076,866	5,742,757	6,306,973	11,091,718	10,715,884	12,820,679	14,592,656	16,414,851	15,042,723
TOTAL NET POSITION	49,492,129	52,735,662	54,208,914	56,401,903	57,009,792	58,435,796	63,484,834	67,792,672	70,800,473	74,165,905
TOTAL LIABILITIES AND NET POSITION	$ 84,594,690	$ 87,002,104	$ 86,959,073	$ 87,871,336	$ 89,487,912	$ 89,047,047	$ 97,129,101	$ 100,428,992	$ 103,036,904	$ 113,024,733
ANNUAL NON-CASH EXPENSES	7,977,561	8,033,811	8,408,943	8,319,205	8,371,427	8,817,397	9,439,252	9,639,599	10,007,439	10,266,509
DAILY NON-CASH EXPENSES	21,856	22,010	23,038	22,792	22,935	24,157	25,861	26,410	27,418	28,127
ANNUAL UNRESTRICTED CASH ON HAND	$3,091,318	$5,076,866	$5,742,757	$6,306,973	$11,091,718	$10,715,884	$12,820,679	$14,592,656	$16,414,851	$15,042,723
UNRESTRICTED DAYS CASH ON HAND	141	231	249	277	484	444	496	553	599	535

THE WATER AUTHORITY OF
DICKSON COUNTY, TENNESSEE
HISTORICAL SUMMARY OF INCOME STATEMENTS
(FISCAL YEARS ENDED DECEMBER 31)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OPERATING INCOME										
Water Revenues	8,222,798	9,466,986	9,307,747	9,317,015	9,294,769	9,763,076	9,953,667	11,026,284	11,072,364	11,902,003
Wastewater Revenues	4,244,132	4,858,902	4,699,725	4,836,520	4,484,260	4,679,984	5,432,772	5,765,048	5,716,134	5,919,522
Penalties										
Service Charges				(40,035)	(34,882)	(66,881)	(59,051)	(9,506)	(29,403)	(47,250)
Meter and Tap Fees										
Other Income/(Expense)	(50,498)	(27,830)	(61,102)							
Total Operating Income	12,416,432	14,298,058	13,946,370	14,113,500	13,744,147	14,376,179	15,327,388	16,781,826	16,759,095	17,774,275
OPERATING EXPENSES	7,977,561	8,033,811	8,408,943	8,319,205	8,371,427	8,817,397	9,439,252	9,639,599	10,007,439	10,266,509
Operating Income Before Depreciation	4,438,871	6,264,247	5,537,427	5,794,295	5,372,720	5,558,782	5,888,136	7,142,227	6,751,656	7,507,766
DEPRECIATION	(3,979,565)	(4,059,938)	(4,185,877)	(4,277,446)	(4,383,010)	(4,608,937)	(4,896,582)	(5,174,072)	(5,478,574)	(5,696,920)
Net Operating Income	459,306	2,204,309	1,351,550	1,516,849	989,710	949,845	991,554	1,968,155	1,273,082	1,810,846
OTHER INCOME										
Interest Income	68,094	63,285	43,189	35,780	17,369	10,638	12,135	14,612	20,999	69,384
Other Income	33,187	30,018	44,933	39,900	43,545	36,964	42,470	24,812	23,374	23,128
Interest Expense	(1,423,903)	(1,377,904)	(1,307,923)	(1,276,054)	(1,130,957)	(680,905)	(610,295)	(599,050)	(612,186)	(690,917)
Amortization of Bond Discount										
Gain (Loss) on Disposal of Equipment										
Contributions in Aid of Construction			1,574		109,092					
Total Other Income (Expense)	(1,322,622)	(1,284,601)	(1,218,227)	(1,200,374)	(960,951)	(633,303)	(555,690)	(559,626)	(567,813)	(598,405)
Income Before Capital Contributions	(863,316)	919,708	133,323	316,475	28,759	316,542	435,864	1,408,529	705,269	1,212,441
Special Item										
Capital Contributions	1,269,006	2,293,282	1,339,929	1,876,514	579,130	1,109,462	2,472,803	2,899,309	2,302,532	2,152,991
CHANGE IN NET POSITION	405,690	3,212,990	1,473,252	2,192,989	607,889	1,426,004	2,908,667	4,307,838	3,007,801	3,365,432
BEGINNING NET POSITION	49,086,439	49,492,129	52,735,662	54,208,914	56,401,903	57,009,928	58,435,796	63,484,834	67,792,672	70,800,473
RESTATEMENT GASB 68 (NOTE 4)							(785,579)			
RESTATEMENT WHITE BLUFF (NOTE 5)							2,925,950			
ENDING NET POSITION	49,492,129	52,705,119	54,208,914	56,401,903	57,009,792	58,435,932	63,484,834	67,792,672	70,800,473	74,165,905

THE WATER AUTHORITY OF
DICKSON COUNTY, TENNESSEE
SUMMARY OF ESTIMATED TOTAL DEBT SERVICE REQUIREMENTS
(FISCAL YEARS ENDED DECEMBER 31)

FISCAL YEAR	EXISTING DEBT SERVICE	REFUNDED DEBT SERVICE	REFUNDING DEBT SERVICE	ANNUAL SAVINGS	TOTAL DEBT SERVICE
2019	2,948,956	1,647,041	1,577,055	69,986	2,878,970
2020	3,102,204	1,818,420	1,749,798	68,622	3,033,582
2021	2,962,921	1,674,705	1,608,739	65,966	2,896,955
2022	2,873,461	1,584,205	1,518,866	65,339	2,808,122
2023	3,085,702	1,797,585	1,729,664	67,921	3,017,781
2024	2,883,310	1,603,510	1,537,878	65,632	2,817,678
2025	2,834,398	1,576,905	1,507,863	69,042	2,765,356
2026	2,802,991	1,548,235	1,482,338	65,897	2,737,094
2027	2,764,540	1,508,135	1,441,124	67,011	2,697,529
2028	2,582,908	1,316,228	1,246,662	69,566	2,513,342
2029	2,545,494	1,282,028	1,213,536	68,492	2,477,002
2030	2,490,482	1,242,258	1,174,299	67,959	2,422,523
2031	2,364,526	1,207,073	1,141,757	65,316	2,299,210
2032	2,329,660	1,171,320	1,103,652	67,668	2,261,992
2033	1,161,753				1,161,753
2034	1,165,775				1,165,775
2035	1,164,788				1,164,788
2036	804,793				804,793
2037	731,824				731,824
2038	232,263				232,263
2039	210,076				210,076
	$44,042,825	$20,977,646	$20,033,230	$944,416	$43,098,409

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program
Funds Available for Loan Obligation
October 24, 2019

Unobligated Balance as of September 19, 2019				**$ 103,002,744**
Increases:	**Loan Number**		**Amount**	
FY 2019 EPA Capitalization Grant (project dollars)			$ 23,082,000	
FY 2019 State Match budgeted of total required		*	$ 1,976,300	
Town of Parrottsville (loan reduction)	CW5 2017-378		$ 17,000	
Town of Parrottsville (loan reduction)	SRF 2018-414		$ 19,698	
Town of Troy (loan reduction)	CG5 2017-397		$ 62,697	
				$ 25,157,695
Unobligated Balance as of October 24, 2019				**$ 128,160,439**
Decreases:	**Loan Number**		**Amount**	
Town of Oliver Springs (subsidized @ $500,000)	CW7 2019-437		$ 500,000	
City of Dyersburg (subsidized @ $500,000)	CG7 2020-439		$ 2,500,000	
City of Chattanooga	SRF 2018-406-01		$ 30,000,000	
				$ (33,000,000)
Remaining Funds Available for Loan Obligations				**$ 95,160,439**

* The state match requirement is $4,616,400. The remaining match of $2,640,100 will be sought through TDEC's budget expansion.

FACT SHEET
October 24, 2019

Borrower:	Town of Oliver Springs
Project Number:	CW7 2019-437
Requested SRF Funding:	$ 500,000
Term:	5 years
Rate:	0%

Project:

Planning and design for a water loss remediation project. This is a pilot project to address a significant 75% water loss problem.

Total Project Cost:	$ 500,000
Project Funding:	
SRF Loan Principal (0%)	$ -0-
Principal Forgiveness (100%)	$ 500,000
Local Funds	$ -0-

County:	Anderson, Morgan, Roane Counties
Consulting Engineer:	GRW Engineers, Inc
Priority Ranking List:	FY 2019
Priority Ranking:	16 of 73
Public Meeting:	10/17/2019

Financial Information:

Operating Revenues:	$ 1,859,521
Current Rate:	$ 66.92
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	1,431
Audit Report Filed:	08/30/2019 (Late)
Financial Sufficiency Review:	06/14/2019

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

FACT SHEET
October 24, 2019

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: $ 428,871.

MADS:	Prior Obligations:	$ 177,309
	Proposed loan(s):	$ -0-
		$ 177,309

MADS as a percentage of SSTs: 41.34%

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 $428,871.

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	CW4 2015-348	3,196,063.11	240,563.89	170,928.00
SRF/Sewer	SRF 2018-404	120,045.00	0.00	6,381.00

* 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 $177,309.

(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	N/A			
TLDA/Public Health	N/A			
TLDA/Transportation	N/A			

The total MADS from section 2(b.) having a lien on SSTs is $0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is $177,309.

3. Loan Requests

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Sewer	CW7 2019-437	0.0%	$500,000	$500,000	0.00

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is $0.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is $251,562.

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 7th day of June, 2019.

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

LOCAL GOVERNMENT

BY: Omer Cox
Mayor Omer Cox

REQUIREMENT FOR REPORT ON DEBT OBLIGATION (FORM CT-0253)

Pursuant to Tenn. Code Ann. § 9-21-151, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.
Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-151 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that they may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website (emma.msrb.org).

The applicant, the Town of Oliver Springs, attests that it is in compliance with Tenn. Code Ann. § 9-21-151 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related this rule.

Omer Cox Mayor June 7, 2019

Signature and Title Date

Omer Cox / Mayor
Joseph Van Hook
City Recorder / Judge
Thomas McCormick /
City Manager
Ramona Walker
Court Clerk / Finance Officer

Town of Oliver Springs

717 Main Street - P.O. Box 303
Oliver Springs, TN 37840

Ph (865) 435-7722 Fax (865) 435-4881

Aldermen
Robert Miller
Jeff Bass
Kenneth Brown
Rusty Phillips
Terry Holland
Don Shillings

June 13, 2019

Tennessee Local Development Authority and
Tennessee Department of Environment and Conservation
Attention: State Revolving Fund Loan Program
Rosa L Parks Ave, 12th Floor
Nashville, TN 37243

RE: Town of Oliver Springs
Loan # CW7 2019-437

Dear Madam/Sir:

This letter is to inform you about the status of our June 30, 2019 financial statement audit.

Currently, our auditors have completed most of the onsite fieldwork. They have been delayed due to a number of factors including the Town having some posting errors in the accounting data, new employees in the area of accounting and billing, and the implementation of new governmental accounting standards. The auditors are scheduled to return June 27-28, 2019 and are anticipating finishing onsite fieldwork. After fieldwork is completed, there are still several items that must be completed some of which are as follows:

- Auditor's will assist with a draft of the financial statements
- Town management will review the financial statements
- Town management will draft a "Management's Discussion and Analysis" for the financial statement
- Auditor will issue various reports related to the financial statements
- Town management will draft a corrective action plan for any findings to include in the financial statements
- Town request and the auditor receives an attorney representation letter
- Town provide a management representation letter to the auditor

The audit was due to be completed on December 31, 2018 but because of the delays the current estimated completion date is July 31, 2019. The completion date is only an estimate, as progress is dependent on many factors.

We will do everything possible to cause this work to be completed timely. If you have any questions regarding this letter, please contact me.

Best regards,

Thomas McCormick/ City Manager
Town of Oliver Springs

FACT SHEET
October 24, 2019

Borrower:	City of Dyersburg
Project Number:	CG7 2020-439
Requested SRF Funding:	$ 2,500,000
Term:	5 years
Rate:	0.38% = (1.25 x 50%) – (0.25%)

Project:

Planning and Design loan for the correction of infiltration and inflow within the sewer collection system. This is a pilot project to address flood resilience.

Total Project Cost:	$ 2,500,000
Project Funding:	
SRF Loan Principal (80%)	$ 2,000,000
Principal Forgiveness (20%)	$ 500,000
Local Funds	$ -0-

County:	Dyer County
Consulting Engineer:	Smith Seckman Reid, Inc.
Priority Ranking List:	FY 2018
Priority Ranking:	71 of 72
Public Meeting:	10/7/2019

Financial Information:

Operating Revenues:	$ 3,253,585
Current Rate:	$ 25.54
Effective Rates, if applicable:	$ 26.31 (July 01, 2019)
	$ 27.10 (July 01, 2020)
	$ 27.91 (July 01, 2021)
	$ 28.75 (July 01, 2022)
	$ 29.61 (July 01, 2023)
Residential User Charge:	5,000 gal/month
Customer Base:	7,562
Audit Report Filed:	03/14/2019 (Late)
Financial Sufficiency Review:	07/08/2019

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

FACT SHEET
October 24, 2019

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: $ 2,330,367

MADS:	Prior Obligations:	$ 229,543.32
	Proposed loan(s):	$ 403,875.00
		$ 633,418.32

MADS as a percentage of SSTs: 27.18%

REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
FOR TAX REVENUE ENTITIES
DYERSBURG CG7 2020-439

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 $2,330,367.

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**
N/A				

* 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 $0.

(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
QSCB	2009	$2,960,000	$0	$229,543.32

The total MADS from section 2(b.) having a lien on SSTs is $ 229,543.32.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is $229,543.32.

3. **Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Sewer	2020-439	0.38%	$2,000,000	$500,000	$403,875

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is $403,875

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is $1,696,948.68.

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 26th day of July, 2019.

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

LOCAL GOVERNMENT

BY: John Holden

Mayor John Holden

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)

Pursuant to Tenn. Code Ann. § 9-21-151, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.
Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-151 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that they may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website (emma.msrb.org).

The applicant, City of Dyersburg attests that it is in compliance with Tenn. Code Ann. § 9-21-151 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related this rule.

John Holden   7-26-2019

Mayor John Holden   Date

COWART REESE SARGENT
Certified Public Accountants, P.C.
Members: American Institute of Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | Private Companies Practice Section
www.crscpa.com

October 2, 2019

City of Dyersburg
Mayor John Holden
Dyersburg, Tennessee

Dear Honorable Mayor Holden:

It is our understanding that an inquiry was made in regards to the date that the June 30, 2018, financial statement audit was made available. This inquiry is in direct relation to ongoing efforts to finance sewer improvements through the State Revolving Fund. This letter should serve as our response to this inquiry in order to provide more information on the timeline of events related to the audit submission process.

As required by state law, all governmental entities in the State of Tennessee must have year end adjustments posted and the fiscal year closed out by 60 days subsequent to the date of the fiscal year end. It is important to note that the City along with the component unit, Dyersburg Electric, and separately audited governmental fund Dyersburg City Schools', all met this deadline. The City of Dyersburg is a group audit, therefore, in order to present the financial statements of all funds and component units, it is necessary to gather information from both the Dyersburg Electric audit report and the Dyersburg City School's report. Our firm is engaged to complete both the City and Dyersburg Electric System and a separate firm is engaged to audit the School System. Because this information feeds into the City's report, the date of the issuance of the report is directly related to the timeliness of the other two reports. We noted that in the prior year the date of Dyersburg Electric System report was October 8, 2018. The date of the City School report was January 17, 2019, however this information was not made publicly available to our audit firm for sometime thereafter due to adjustments to the draft version. The City's report date is March 13, 2019, which is considered a reasonable timeframe to compile the information from the School's report and to perform sufficient audit responsibilities and internal review procedures.

An ongoing effort is being made to increase the timeliness of the issuance of all reports. If there are any further inquiries on this matter that I can assist you with, please let me know.

Sincerely,

Chloe Humphrey, CPA
Senior Audit Manager

64 Lynoak Cv
Jackson, TN 38305
(731)668-1806
Fax (731)668-9543

309 N. Market St.
Paris, TN 38242
(731)642-1755
Fax (731)644-0413

304 Broadway St
Martin, TN 38237
(731)587-4221
Fax (731)587-9474

11 N. Court Square
Brownsville, TN 38012
(731)772-2273
Fax (731)772-2275

110 West Court
Dyersburg, TN 38024
(731)286-6080
Fax (731)285-8975

FACT SHEET
October 24, 2019

Borrower:	City of Chattanooga
Project Number:	SRF 2018-406-01
Requested SRF Funding:	$ 30,000,000
Term:	20 years
Rate:	1.17% = (1.77 X 80%)–(0.25%)

Project:

I & I Correction— Wet Weather Storage, Phase 1 (Construction of three 10 MG equalization basins, one 30 MG pump station, and associated appurtenances.)

Total Project Cost:	$ 48,100,000
Project Funding:	
SRF Loan Principal	$ 30,000,000
Principal Forgiveness	$ -0-
Other Funds (SRF 2018-406)	$ 17,100,000
Other Funds (CW6 2018-405)	$ 1,000,000

County:	Hamilton County
Consulting Engineer:	Jacobs Engineering Group Inc.
Priority Ranking List:	FY 2019
Priority Ranking:	63 of 73
Public Meeting:	9/19/2017

Financial Information:

Operating Revenues:	$ 83,434,838
Current Rate:	$ 49.14
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	167,674
Audit Report Filed:	12/31/2018
Financial Sufficiency Review:	05/22/2019

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

FACT SHEET
October 24, 2019

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: $ 27,271,421

MADS:	Prior Obligations:	$ 14,988,301
	Proposed loan(s):	$ 1,683,066
		$ 16,671,367

MADS as a percentage of SSTs: 61.13%

REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
FOR TAX REVENUE ENTITIES
CITY OF CHATTANOOGA SRF 2018-406-01

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 $27,271,421.

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	SRF 2003-168	$40,582,809	$0.00	$2,617,872
SRF/Sewer	SRF 2007-204	$13,000,000	$0.00	$848,868
SRF/Sewer	SRF 2011-289	$18,871,242	$0.00	$1,140,444
SRF/Sewer	SRF 2012-307	$31,604,145	$0.00	$1,763,880
SRF/Sewer	SRF 2013-318	$63,356,209	$0.00	$3,714,444
SRF/Sewer	SRF 2016-357	$42,500,000	$0.00	$2,412,035
SRF/Sewer	CW6 2018-405	$900,000	$100,000	$52,264
SRF/Sewer	SRF 2018-406	$17,100,000	$0.00	$993,017
SRF/Sewer	CW7 2019-428	$2,700,000	$300,000	$164,675
SRF/Sewer	SRF 2019-429	$21,000,000	$0.00	$1,280,802

* 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 $14,988,301.

(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	N/A			
TLDA/Public Health	N/A			
TLDA/Transportation	N/A			

The total MADS from section 2(b.) having a lien on SSTs is $0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is $14,988,301.

3. Loan Requests

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Sewer	SRF 2018-406-01	1.17%	$30,000,000	$0.00	$1,683,066

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is $1,683,066.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is $10,600,054.

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 1st **day of** October**, 2019.**

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

LOCAL GOVERNMENT

BY: Daisy W. Madison

Daisy W. Madison, Chief Finance Officer

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)

Pursuant to Tenn. Code Ann. § 9-21-151, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.
Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-151 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that they may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website (emma.msrb.org).

The applicant, City of Chattanooga, attests that it is in compliance with Tenn. Code Ann. § 9-21-151 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related this rule.

Daisy W. Madison

Daisy W. Madison, Chief Finance Officer

10/1/19

Date

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
October 24, 2019

	Loan Number	Amount		
Unobligated Balance as of September 19, 2019			**$**	**42,071,612**
Increases:	**Loan Number**	**Amount**		
FY 2019 EPA Capitalization Grant (project dollars)		$ 15,685,820		
FY 2019 State Match Requirement		$ 3,822,600		
Town of Troy (loan reduction)		$ 30,335		
			$	**19,538,755**
Unobligated Balance as of October 24, 2019			**$**	**61,610,367**
Decreases:	**Loan Number**	**Loan Amount**		
			$	**-**
Remaining Funds Available for Loan Obligations			**$**	**61,610,367**

PROJECT NAME & NUMBER	STATE & LOCAL FINANCE LOAN ACTIVITY at 9/27/2019	DATE LOAN AWARDED	LOAN AMOUNT	TDEC DETAILS/COMMENTS/STATUS	PROJECT SCHEDULE STATUS Compliance Non-compliance (Need explanation or justification)
Chattanooga CW7 19-428	No funds have been disbursed to borrower	2/8/2019	$ 3,000,000	Received disbursement request. Processing payment for $138,582.25.	In compliance for a construction completion date of September 2021.
Chattanooga SRF 19-429 *	No funds have been disbursed to borrower	2/8/2019	$ 21,000,000	Companion loan to CW7 2019-428. Received disbursement request. Processing payment for $38,795.15.	
Cleveland CW7 19-431	No funds have been disbursed to borrower	6/27/2019	$ 1,771,000	This is a new loan just approved.	In compliance for a construction completion date of April 2020.
Franklin SRF 17-398 *	No funds have been disbursed to borrower	9/27/2017	$ 20,000,000	Companion loan to CG2 16-374, CG5 17-375, and CG2 16-376.	In compliance for a construction completion date of December 2020
Goodlettsville CG6 18-419 *	No funds have been disbursed to borrower	7/17/2018	$ 1,000,000	Companion loan to SRF 18-420.	In compliance for a construction completion date of December 2021.
Hallsdale Powell UD CW6 17-394	No funds have been disbursed to borrower	8/17/2017	$ 1,000,000	Loan decrease letter submitted to the SRF Loan Program on September 25, 2019. No requests for disbursement will be submitted.	
Hallsdale Powell UD SRF 17-395*	No funds have been disbursed to borrower	8/17/2017	$ 12,100,000		
Hamilton County WWTA SRF 19-425 *	No funds have been disbursed to borrower	11/26/2018	$ 2,474,000	Companion loan to CW7 19-424.	In compliance for a construction completion date of December 2020.
Jasper SRF 18-401	No funds have been disbursed to borrower	11/8/2017	$ 150,529	Contractor is non-responsive. The Town is considering terminating the contract.	
Lewisburg SRF 17-390	No funds have been disbursed to borrower	3/8/2019	$ 205,000	Received disbursement request. Processing payment for $36,152.00.	In compliance for a construction completion date of March 2020.
Lincoln County SRF 17-388 *	No funds have been disbursed to borrower	9/22/2017	$ 685,200	Companion loan to CG3 15-353.	In compliance for a construction completion date of December 2019.
Memphis SRF 19-421	No funds have been disbursed to borrower	2/8/2019	$ 6,500,000	Authority to Award approved June 2019. Construction will begin soon.	In compliance for a construction completion date of July 2021.
Smyrna CG7 19-423	No funds have been disbursed to borrower	3/8/2019	$ 3,000,000	Received disbursement request. Processing payment for $1,454,417.	In compliance for a construction completion date of July 2022

6 of the 13 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 "")

Department of
Environment & Conservation

DWR-SRF-P-02-Interest Rate Determination for Cities-10242019
Interest Rate Determinations for Cities and Municipalities

DISCLAIMER: This document is policy only and does not create legal rights or obligations. It is intended to provide division staff guidance on how to apply decisions, procedures and practices pertaining to the internal operation or actions of the division. Decisions affecting the public, including the regulated community, in any particular case will be made applying applicable laws and regulations to the specific facts.

EFFECTIVE DATE: 10/24/2019

SIGNATURES:

Jennifer P. Dodd, Director, Division of Water Resources

Leslie Gillespie-Marthaler, PhD, Director State Revolving Fund
Drafter / Preparer

Revision Number	Date	Brief Summary of Change
2	10/24/2019	Updated ATPI Index and effective dates
1	01/01/2015	Updated ATPI Index and effective dates
0	01/01/2013	Issuance

Department of **Environment & Conservation**

DWR-SRF-P-02-Interest Rate Determination for Cities-10242019

Interest Rate Determinations for Cities and Municipalities

PURPOSE: The Department is responsible for the management of the Clean Water (CW) State Revolving Fund (SRF) and the Drinking Water (DW) SRF Loan Programs. The Department is required to recommend to the Tennessee Local Development Authority (TLDA) an interest rate for all loan applicants. Communities that fall within the lower economic scale of the index referenced below will be eligible for lower interest rates on their loans.

POLICY: The Department adopts the following criteria in developing and recommending an interest rate for all city and municipality CW and DW SRF loan applicants:

1. The Department will utilize the most current Ability to Pay Index (ATPI) developed by the University of Tennessee. The ATPI is required for administration of SRF Programs by the Water Resources Reform and Development Act (WRRDA) of 2014 (H.R. 3080). In May, 2019, the Department contracted with the University of Tennessee to develop a new ATPI that will be updated annually to reflect current economic trends for communities. This ATPI is effective October 24, 2019.

2. Based on this index, the Department will apply the following table to determine the recommended interest rate for SRF loan applications (ATPI multiplied by market rate). This determination, along with any other consideration for rate adjustment (e.g., green project incentive eligibility) will be made at the time of the loan applicant's financial sufficiency review, and clearly stated in all loan documents brought to the TLDA for approval.

City/Municipality Affordability Score	ATPI (%)
117.6-150.9	0
103.8-117.5	10
94.3-103.7	20
87.3-94.2	30
76.8-87.2	40
65.1-76.7	50
55.7-65	60
44.5-55.6	70
31.2-44.4	80
18.3-31.1	90
-28.3-18.2	100

3. Market rate is determined by the interest rate reported on the 20-year general bonds and the Municipal Market Data General Obligation (MMDGO) yields published every Thursday in the Bond Buyers Index.

4. This policy supersedes Operating Policy 2015-02. This policy shall apply to all municipal applications received by the Department on or after Oct 24, 2019, and shall expire on or about October 23, 2020 (based on annual update).

TN Department of Environment & Conservation

DWR-SRF-P-01-Interest Rate Determination for Counties-10242019

Interest Rate Determinations for Counties

DISCLAIMER: This document is policy only and does not create legal rights or obligations. It is intended to provide division staff guidance on how to apply decisions, procedures and practices pertaining to the internal operation or actions of the division. Decisions affecting the public, including the regulated community, in any particular case will be made applying applicable laws and regulations to the specific facts.

EFFECTIVE DATE: 10/24/2019

SIGNATURES:

Jennifer P. Dodd, Director, Division of Water Resources

Leslie Gillespie-Marthaler, PhD, Director State Revolving Fund
Drafter / Preparer

Revision Number	Date	Brief Summary of Change
2	10/24/2019	Updated ATPI Index and effective dates
1	01/01/2015	Updated ATPI Index and effective dates
0	01/01/2013	Issuance

TN Department of Environment & Conservation

DWR-SRF-P-01-Interest Rate Determination for Counties-10242019
Interest Rate Determinations for Counties

PURPOSE: The Department is responsible for the management of the Clean Water (CW) State Revolving Fund (SRF) and the Drinking Water (DW) SRF Loan Programs. The Department is required to recommend to the Tennessee Local Development Authority (TLDA) an interest rate for all loan applicants. Communities that fall within the lower economic scale of the index referenced below will be eligible for lower interest rates on their loans.

POLICY: The Department adopts the following criteria in developing and recommending an interest rate for all county CW and DW SRF loan applicants:

1. The Department will utilize the most current Ability to Pay Index (ATPI) developed by the University of Tennessee. The ATPI is required for administration of SRF Programs by the Water Resources Reform and Development Act (WRRDA) of 2014 (H.R. 3080). In May, 2019, the Department contracted with the University of Tennessee to develop a new ATPI that will be updated annually to reflect current economic trends for communities. This ATPI is effective October 24, 2019.

2. Based on this index, the Department will apply the following table to determine the recommended interest rate for SRF loan applications. This determination, along with any other consideration for rate adjustment (e.g., green project incentive eligibility) will be made at the time of the loan applicant's financial sufficiency review, and clearly stated in all loan documents brought to the TLDA for approval.

County Affordability Score	ATPI (%)
87.1-116.3	0
82-87	10
76.9-80.8	20
74.8-76.8	30
72.5-74.7	40
69.6-72.4	50
67.7-69.5	60
64.5-67.6	70
63.1-64.6	80
61.5-63.0	90
47.2-61.4	100

3. Market rate is determined by the interest rate reported on the 20-year general bonds and the Municipal Market Data General Obligation (MMDGO) yields published every Thursday in the Bond Buyers Index.

4. This policy supersedes Operating Policy 2015-01. This policy shall apply to all municipal applications received by the Department on or after Oct 24, 2019, and shall expire on or about October 23, 2020 (annual update).

Justin P. Wilson
Comptroller

Jason E. Mumpower
Deputy Comptroller

October 21, 2019

TO ALL INTERESTED PARTIES

The State of Tennessee through the Office of the Comptroller of the Treasury, the Office of State and Local Finance (OSLF), is seeking a financial advisor for the State to serve the State Funding Board (for general obligation debt) and the two State-level revenue debt issuers: Tennessee Local Development Authority (TLDA) and Tennessee State School Bond Authority (TSSBA) (together "the Issuers") for the period from January 1, 2020, through December 31, 2022.

Since 1989, the State has contracted for financial advisory services separate from underwriting services, requiring services and expenses to be itemized by issuer and activity. Each issuer must have a separate account, and billing for each must be itemized separately. Refer to the chart "Proposed Projects for Basis in Calculating Advisory Fee" included in the "Outline for Proposals for Financial Advisor" regarding the State's anticipated needs for financial advisory services related to debt issuance and special projects during each year of the contract period. In addition to the advisory fee, the State anticipates 200 hours per year of advisory services covered by a retainer fee.

In selecting a Financial Advisor, the Issuers seek to supplement and complement, as well as to strengthen, their internal expertise. The State employs a ten person staff within the OSLF, for the Office of Comptroller of the Treasury. The OSLF serves as the staff for the State Funding Board, TLDA, and TSSBA. Staff anticipates that the Financial Advisor will be utilized consistently for the following services:

- assisting in structuring and issuing debt
- establishing bid specifications and verifying bids
- assisting in the selection of underwriters and analyzing pricing proposals
- for TLDA and TSSBA, preparing project level debt service schedules (including allocation of premium, discount and cost of issuance) for the State Funding Board, preparing project debt service schedules in the case of refunding or other unique bond structures
- identifying and analyzing refunding opportunities, whether economic or driven by change in use
- assisting with tax analysis
- structuring refunding escrows
- assisting in the preparation of rating presentations
- document review

The Financial Advisor is expected to take a secondary role with respect to preparation of the official statements (the Issuers maintain control of the master document) and with respect to communication with the rating agencies and bond counsel. The State separately contracts for arbitrage services.

No joint proposals will be accepted. Any subcontracting for services must be clearly delineated in your proposal. Please note that in the contract that will be executed no personnel changes from those indicated in the original contract will be permitted without the State's approval. **The successful proposer must demonstrate its experience with state-level issuers.**

If your firm is interested in serving as the Financial Advisor for the debt programs of the Funding Board, TLDA, and TSSBA, we invite you to respond to the RFP. The ultimate selection made by the State for Financial Advisor will be based upon a variety of factors.

Questions that you have regarding this request for proposal may be directed only to the following individual by October 28, 2019 (see timeline):

Michael Mercer, RFP Coordinator
Office of State and Local Finance
425 Fifth Avenue North, 4th FL
Nashville, TN 37243
Phone: 615-736-6056
michael.mercer@cot.tn.gov

No contact concerning this Request for Proposal should be made with any member of the OSLF except with Mr. Mercer until the selection process has been completed. Failure to honor this request will be viewed negatively in the selection process. The selection process is deemed to begin October 21, 2019, and will end upon the announcement of the selection of the firm to serve as Financial Advisor. A proposed timeline (which may be adjusted) is included in the Outline for Proposal for Financial Advisor.

We appreciate your interest in the State and look forward to receiving your response.

Sincerely,

Justin P. Wilson, Comptroller of the Treasury
Secretary for: State Funding Board,
Tennessee Local Development Authority,
Tennessee State School Bond Authority

Enclosures:
Outline for Proposal for Financial Advisor
Cost Proposal

cc: Bill Lee, Governor
Tre Hargett, Secretary of State
David H. Lillard, Jr., State Treasurer
Stuart C. McWhorter, Commissioner of Finance and Administration
Randy Boyd, Interim President, University of Tennessee
Dr. Flora W. Tydings, Chancellor, Tennessee Board of Regents
Dr. Kenneth L. Moore, TLDA House Appointee
Mr. Pat Wolfe, TLDA Senate Appointee

STATE OF TENNESSEE

Justin P. Wilson
Comptroller

COMPTROLLER OF THE TREASURY
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-9034
PHONE (615) 741-2501

OUTLINE FOR PROPOSAL FOR FINANCIAL ADVISOR FOR TENNESSEE STATE FUNDING BOARD, TENNESSEE STATE SCHOOL BOND AUTHORITY, TENNESSEE LOCAL DEVELOPMENT AUTHORITY, (collectively, the "Issuers")

Please be as brief as possible with all summary information and responses to specific questions. Lengthy responses and extrinsic documents are strongly discouraged.

I. Executive Summary

As a part of your transmittal letter you may include an executive summary of the reasons the Issuers should select your firm as financial advisor. Please limit the letter to two pages.

II. The Process

The calendar is a proposed schedule and may be revised by the Office of State and Local Finance (OSLF).

A. Calendar:

Monday, October 21, 2019	RFP distributed
Monday, October 28, 2019,	Proposal questions due to OSLF by email
Wednesday, October 30, 2019, 4:00 p.m. CST, 5:00 p.m. EST	Responses to questions sent to participating firms
Tuesday, November 12, 2019 by (12:00 p.m.) noon CST	Technical and Cost Proposals due to OSLF (hard copy and electronic); Internal analysis of proposals
Week of December 2, 2019	Interviews with short listed firms, if necessary; Internal analysis of pricing proposals
Week of , December 16, 2019	Staff recommends to the State Funding Board the approval of contract with provider; Staff recommendation to the remaining two Issuers will follow as soon as possible
December 30, 2019	Contract executed
January 1, 2020	Contract begins

B. If held, oral interviews will be conducted in Nashville with a select group of firms.

C. The Issuers will individually approve the recommended firm at public meetings beginning on December 16, 2019.

D. The contract will be completed and signed once all Issuers have approved the contract.

III. General Requirements:

A. Each response to this RFP must consist of a Technical Proposal and a Cost Proposal.

B. Each Proposer must submit the Technical Proposal in the form of one (1) original in hard copy and one (1) electronic copy. Electronic copy should be submitted to Michael.mercer@cot.tn.gov.

C. Each Proposer must also submit the Cost Proposal in the form of one (1) original in hard copy in a separately sealed envelope included in the package. Clearly mark the envelope containing the Cost Proposal as **"Cost Proposal for Financial Advisor RFP."**

D. No joint proposals will be accepted. Proposers must demonstrate experience with state-level issuers. Any subcontracting for services must be clearly delineated in the proposal. Please note the contract that will be executed lists the assigned personnel. No personnel changes from those indicated in the original contract will be permitted without the prior approval of the Issuers.

E. **Only proposals from firms that are independent financial advisors (firms that do not also provide underwriting services) will be considered.**

F. Proposers that are selected to be included on a "short list" will be required to provide the most recent copy of Form MA along with the MSRB registration certificate.

G. Please include the question along with each response for Section VIII.

H. In response to this RFP, your proposal must be received at the following address, no later than the Proposal Deadline time and date detailed in this RFP. The proposal package should be sent to:

Michael Mercer, RFP Coordinator
Office of State and Local Finance
425 Fifth Avenue North, 4^{th} FL
Nashville, TN 37243
Phone: 615-736-6056

IV. Additional Information Provided

The following additional information is provided for reference purposes:

Appendix A - Office of State and Local Finance (OSLF) – Overview of responsibilities
Appendix B - OSLF - Program Data and Statistics
Appendix C - OSLF Programs Under Administration
Appendix D – Sample Financial Advisory Contract

V. Evaluation Process

The proposal evaluation process is designed to award the contract to the Proposer with the best overall response based upon the evaluation criteria and not necessarily to the Proposer with the lowest cost. The proposal evaluation team will consist of four or more State employees. The State reserves the right, at its sole discretion, to request Proposer clarification of a Technical Proposal or to conduct clarification discussions with any or all Proposers. Proposers shall put any resulting clarification in writing as may be required by the State. After the Technical Proposal evaluations and interviews (if necessary) are completed, the cost proposals will be opened and evaluated.

VI. Contract Award Process

The RFP coordinator and the Director of the Office of State and Local Finance will prepare a written recommendation to the Issuers providing the staff recommendation of the selected firm. The selected Proposer must agree to and sign a contract with the State which shall be substantially the same as the contract attached hereto as Appendix D.

VII. Rights of the Issuers

A. The Issuers of this RFP reserve the right to waive any irregularity in the proposal.

B. The Issuers of this RFP reserve the right to reject any or all proposals.

C. While it is the belief of the Issuers of this Request for Proposal that it is in the best interest of the State to contract with one firm to provide all services for all of the identified Issuers, the Issuers reserve the right to award portions of this contract to multiple contactors, if this decision best serves the State.

VIII. TECHNICAL PROPOSAL

The Technical Proposal should address the following:

A. Experience and Capabilities

1. Provide the names of the state-level debt issuers for whom your firm has served as financial advisor since January 2014. Please specify the roles your firm played in the financings for these issuers, the types of issues (competitive or negotiated), the types of issuers involved (either direct borrowers or conduit issuers), types of debt issued (revenue, general obligation, etc.) and the types of projects financed.

2. Please indicate the dollar volume and numbers of debt issues handled for these issuers, classified by short-term and long-term debt. Also, identify taxable debt issues separately, if any.

3. Since January 2014 which of the following structures or services has your firm arranged for your clients?

   Bank lines or letters of credit
   Revolving credit facilities
   Bidding Agent for Escrow ladder portfolios
   Put option bonds
   Variable-rate demand bonds
   Tax-exempt or taxable commercial paper
   Interest rate hedges
   Bidding of guaranteed investment contracts
   Other financing structures
   Other financing or investment contracts

   As appropriate, give representative financings for each of these. What other types of consulting services has your firm provided for state or federal agencies?

4. Has your firm participated in a strategic planning process with a client? If so, describe your role in the process.

5. Discuss your experience in issuing debt for (i) State General Obligation Debt, (ii) public higher education, (iii) K-12 education purposes (as a pooled-loan program), and (iv) water and sewer projects, including State Revolving Funds (SRF). Limit your discussion for each item to one paragraph.

6. Discuss your experience in issuing other types of debt. Limit your discussion of each type to one paragraph.

7. Briefly describe your firm's data processing capability as it relates to the structure and analysis of debt issues. Is software used on a timesharing basis or in-house?

8. Provide an explanation of the characteristics that uniquely qualify your firm to act as financial advisor for the State?

9. What, if any, experience does your firm provide on various accounting issues, i.e. accounting for hedges, fair market value issues and any other statements affecting debt that may be promulgated during the contract period?

B. Personnel

1. How many professional level employees in your firm work directly in public finance? Of these, how many are directly involved with state-level debt issuers? Provide resumes of staff members who would be assigned to the State's account, including the number of years employed by your firm. Identify the level of

responsibility for each member of the team and the percentage of time each would spend providing services for the State or on a particular financing. Please include in your proposal an undertaking that all staff members who are assigned to the State's account will become registered as a municipal advisor representative or municipal advisor principal (if appropriate) within twelve months of such categories of registration becoming effective.

2. Where is your home office located? Does your firm provide public finance services from other offices? Describe how the State's account would be serviced.

3. If the senior project manager leaves the firm for any reason, how will the firm determine the staff member who will replace that senior team member? Other team members?

4. Provide information on the outcome of any litigation or administrative proceeding that occurred since January 2014 that was adverse to your firm in the course of its professional duties and activities.

5. In the last five years, have any officers, directors, or other key personnel been convicted of any crimes committed in the course of their duties or activities with your firm or been subject to any orders issued by regulatory or governmental agency? Please provide details of any convictions or orders issued.

6. Is your firm or any of its officers, directors, or other key personnel now under indictment or court order, under investigation, or under order issued by a regulatory or governmental agency, or engaged in litigation which relates to the professional competence of your firm or which could impair the performance of the services required of a Financial Advisor? Do you have any reason to anticipate that any of these actions will occur during the term of the contract to be executed pursuant to this RFP? Please provide details of any current or anticipated actions.

7. References – Provide references and contacts for three state-level issuers that we may contact. At least one of these references should be a higher education or K-12 public state-level issuer, and another reference should be a GO state-level issuer.

C. Innovations in Public Finance

1. Describe in detail any techniques which your firm considers innovative which you feel would be appropriate for the State to consider.

2. Are there innovations that have been used by your firm or other firms that you would not recommend to the State? Why?

3. What do you think will be the most important developments in public finance affecting the State in the next three to five years?

4. Describe two state-level financings completed recently (since January 2017) that the project team that would be assigned to the State's account has completed and is most proud of.

D. Program Development and Guidance

1. What types of research and market analysis materials produced by your firm would be available to the State on an on-going basis?

2. Describe the process your firm would use to determine whether the State or its Issuers should sell debt through competitive sale or through negotiated sale? Give specific examples, if possible.

3. Provide recommendations for the best method(s) for the State Issuers to communicate and create visibility with potential investors.

4. Based on your knowledge of the State, identify the top three concerns the Issuers must address to improve how they are perceived in the market, their rating, or their sale process.

5. How would your firm advocate for the State with the rating agencies?

6. Does your firm offer any continuing education or in-house training as a service to its clients? Please describe.

IX. <u>COST PROPOSAL</u>

The Cost Proposal should address the following:

A. General

1. The Cost Proposal must be submitted to the State in a sealed package separate from the Technical Proposal.

2. All costs must be documented in the format outlined in the attached Cost Proposal form.

3. The proposed cost shall incorporate all costs for services under the contract for the total contract period.

4. The Proposer must sign and date the Cost Proposal. Please contact Mr. Mercer for an electronic copy of the Cost Proposal Form, if you intend to propose.

5. If a Proposer fails to submit a Cost Proposal as required, the State shall determine the proposal to be non-responsive and reject it.

6. Financial advisory fees may not be contingent on the issuance of debt only. All items listed on the Cost Proposal form must be completed. For personnel identified in the response to question VIII.B.1 above, state the applicable hourly rate on the Cost Proposal. These hourly rates and the percentage of time spent by the assigned individuals should be used in calculating the advisory fee charged for debt issuance and special projects that would not be covered by the

retainer (See IX.C.4. for Proposed Projects for Basis in Calculating Advisory Fee and for hypothetical bond/note transactions). On a regular basis, the Office of State & Local Finance enlists the services of the Financial Advisory Team. Time is spent working on assignments and analytical projects that require discussions and communication through phone conversations and emails (See IX.B. for types). The Issuers currently pay a fixed retainer fee, that is billed quarterly by the financial advisory firm, to cover such assignments. Assume the time used for these services would be 200 hours per year. Designate separately any out-of-pocket expenses in connection with the advisory fee and the retainer fee (See Cost Proposal Form.).

No payment of fees or expenses will be made for:

a. more than ten (10) hours per day, or sixty (50) hours per week of work billed by any one person;

b. "interoffice conferences", "review of file", or research on subjects on which a financial advisory firm may be expected to possess expertise (e.g., basic information on municipal and public finance);

c. duplication of effort or "double-staffing" of a project;

d. time spent on correspondence or on preparation of any written report or document, a copy of which is not provided to the State at the time such document is generated or written, administrative time related to billing, traveling to and from the State offices or phone calls on behalf of other clients while in Nashville.

B. Services Included In Retainer

The following listed services are the types of services that would be performed and billed through the retainer fee. The list is not all inclusive but provides a general outline of the anticipated services. The retainer fee included in the Cost Proposal should reflect such services.

1. Participate in the Office of State & Local Finance's strategic planning process and commitment to the Office's strategic plan.

2. Review of existing debt for restructuring opportunities and evaluation of future debt issuance options.

3. Assist with capital budget process relative to timing and source of funds for capital improvements.

4. Identify financing alternatives (various debt structures) and monitor the market activity and debt transactions as related to state financing needs.

5. Review ratings and assist in long-term strategy for rating maintenance and/or upgrade (including providing assistance to the State in preparation of its annual

bond rating presentation and accompanying State officials to New York for these presentations).

6. Provide data and analysis of data concerning municipal debt.

7. Assistance with policy development.

8. Presentations made directly to the Issuers or the General Assembly.

9. Calculation of the discount rate on a bi-annual basis to be utilized for evaluation of Lease Proposals.

10. Assist in the analysis and calculation of the appropriation coverage ratios on debt service for the higher education institutions.

11. Assist with investor communications/outreach program.

C. Services Included In Bond/Note Transactions

The following listed services are the types that would be performed and billed for a bond transaction. The list is not all-inclusive but provides a general outline of the anticipated services. The cost for these services should be reflected in the Cost Proposal.

1. Competitive bond/note sale
    a. Advise as to appropriate timing for issuance of debt.
    b. Review sale documents.
    c. Assist in sizing bond issue.
    d. Assist with selection of needed professionals and providers of services.
    e. Assist with rating agency presentation.
    f. Verification of bids on the sale date.
    g. Assist with closing (e.g., prepare bond closing memorandum).

2. Negotiated bond/note sale
    a. Advise as to appropriate timing for issuance of debt.
    b. Review sale documents.
    c. Assist in sizing bond issue.
    d. Assist with selection of underwriting team, credit enhancement provider and other professionals.
    e. Assist with rating agency presentation.
    f. Analyze proposed structure, pricing, expenses and underwriters' compensation.
    g. Assist with closing (e.g. prepare bond closing memorandum).

3. Debt service schedules
    The financial advisor will be required to provide debt service schedules at the project level as well as the bond level for all bond issues. The Issuers will require a sources and uses schedule, a bond pricing schedule, and an

amortization schedule for each bond issue and each project. These schedules must be provided to the Issuer in an excel format.

Each “new money” financing includes approximately 80 projects for general obligation debt and from 2 to 15 projects for each of the Tennessee State School Bond Authority (TSSBA) and Tennessee Local Development Authority (TLDA). General obligation bonds are amortized using a level principal, 20-year debt structure while the other Issuers amortize debt using a level debt service structure with traunches of 15, 20, 25 and 30 year debt.

From time to time, the Issuers sell refunding bonds. Refunding bond issues for general obligation debt may include up to 250-300 projects (depending on the number of series of bonds included in the refunding). Refunding issues for the TLDA could include up to 15 projects. Refunding issues for the TSSBA could include up to 50 projects. The Issuers will require a sources and uses schedule, a bond pricing schedule, and an amortization schedule for each bond issue and each project. These schedules must be provided to the Issuer in an excel format.

4. PROPOSED PROJECTS FOR BASIS IN CALCULATING ADVISORY FEE

Advisory Fees	Fiscal Year 2020 (6 MOS)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 MOS)
Issuance of Debt:				
General Obligation Bond Issue-Competitive	0	1	0	1
General Obligation Bond Issue-Negotiated	0	0	0	0
General Obligation Refunding Bond Issue	0	0	0	1
TSSBA Bond Issue - Competitive	0	0	0	0
TSSBA Bond Issue - Negotiated	0	0	1	0
TSSBA Refunding Bond Issue	0	0	0	1
TLDA Bond Issue-Competitive	0	0	0	0
TLDA Note Issue (1 Year Note)-Competitive	0	0	0	0
Special Project:				
Assist in establishing a new debt issuance program	60 hours			

Note that the above chart is subject to change and/or renegotiation.

D. Expenses

Only the following categories of out-of-pocket expenses will be reimbursed upon the submission of proper documentation. Apportionment of general overhead should be included in the fee charges. All expenses must be substantiated. Indicate the expenses that your firm anticipates billing. **NOTE:** The expenses of staff overtime or travel to and from the State offices are not reimbursable except with prior written approval. **Phone calls and faxes with respect to other clients, while in Nashville on State business, are not billable to the State.** Direct pass through costs are paid as invoiced from the service provider without overhead markup. These direct pass through costs should not be included in estimated expenses.

Travel - Reimbursed travel costs must comply with the State travel regulations. Please carefully review travel regulations at:

https://www.tn.gov/finance/rd-doa/fa-travel.html

- Transportation (including parking)
- Meals
- Accommodations

Communication/Office

- Telephone
- Postage
- Shipping
- Collating and binding
- Report preparation costs

COST PROPOSAL

(Note, all fees and expenses must be disclosed on this form)

Proposer:____________________________
(Firm name)
By:____________________________

ANNUAL BUDGETED BILLINGS*

	Fiscal Year 2020 (6 mos.)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 mos.)
Advisory Fees				
Advisory Fee Expenses				
Debt Service Schedule – new money (per schedule)**				
Debt Service Schedule – refunding issues (per schedule)***				
Special Project – establishing a new program				
Retainer Fees				
Retainer Fee Expenses				
TOTAL				

* Any subcontracted financial advisory services must be included in the maximum contract cap.
** Assume 100 projects.
***Assume 300 projects.

COST PROPOSAL (cont'd)

HOURLY RATES

Hourly Rate(s) per contract year for each employee listed in IX.A **Names**	Fiscal Year 2020 (6 mos.)	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 (6 mos.)

1. Are the hourly rates listed above applicable for special projects?

2. Would the financial advisory fee vary based on the identity of the Issuer, the size or structure of the issue and whether the sale is competitive or negotiated?

MAXIMUM CONTRACT CAP

State procurement policy requires that every contract have a maximum cap for the period of the contract. Please provide your not-to-exceed cap for services and for expenses for the contract period Jan. 1, 2020 through Dec. 31, 2022.

Advisory Fee	$______________
Retainer Fee	$______________
New Money Debt Service Schedules	$______________
Refunding Debt Service Schedules	$______________
Expenses	$______________
Total	$______________

1. As a service provider do you believe there is a more efficient way to price your services? If so, please describe this pricing and quantify the savings benefit to the Issuers.

Appendix A
Office of State and Local Finance

The Office of State & Local Finance (OSLF) needs to access the capital markets efficiently and timely to provide funding for capital projects authorized by the General Assembly. In order to fulfill its purpose, the OSLF manages the State's debt, including issuance of all bonds, notes and repayment of such debt. It performs the financial management functions for both the Clean Water and Safe Drinking Water State Revolving Funds. It administers the Qualified Zone Academy Bond (QZAB) and Qualified School Construction Bond (QSCB) programs issued for local government education agencies. It prepares the financial statements for the TSSBA, the TLDA and the State Revolving Funds. Monthly, it issues Investor Updates as a part of its continuing disclosure. The OSLF serves as staff responsible for the issuance of debt for the Tennessee State Funding Board, Tennessee Local Development Authority and Tennessee State School Bond Authority, as described below. The Debt management policies for the Issuers can be found at the Office of State and Local Finance website: http://www.comptroller.tn.gov/office-functions/state-and-local-finance/state-government/policies-and-guidelines-.html.

- Tennessee State Funding Board (SFB) — The SFB is responsible for issuing all State general obligation bonds and notes authorized by the General Assembly and administering and accounting for payment of principal and interest on such debt. The SFB is authorized to establish the State's cash management policy, debt management policy, and investment policy. It is required to comment on the reasonableness of the estimated growth rate of the State's economy as presented in the Tennessee econometric model. Annually, the Board conducts public hearings to develop consensus estimates of State revenues as part of the budgetary process. The Board receives and reports on certain information received from other debt issuers. It is further authorized to make loans for the relocation of certain utility system distribution lines. It will be responsible for issuing any debt related to toll road bonds if such bonds are authorized.

  The Office of State & Local Finance serves as the registrar and/or paying agent for the State's general obligation debt.

- Tennessee Local Development Authority (TLDA) —The TLDA is delegated the responsibility for issuing its debt obligations to provide funds for the following purposes:

  - to make loans to local governments under the State Loan Programs, for the financing of construction and improvements for water and sewer systems;
  - to make loans to local governments for the financing of certain capital projects;
  - to make loans to certain small business concerns for pollution control facilities;
  - to make loans to farmers for certain capital improvements;
  - to make loans to counties for the acquisition of equipment for use by county or volunteer fire departments serving unincorporated areas of the counties;
  - to make loans to airport authorities and municipal airports; and

- to make loans under the Community Provider Program to mental health institutes and substance abuse facilities.

To date, the Authority has issued debt only to fund the State Loan Programs and the Community Provider Pooled Loan Program. All outstanding indebtedness relating to the Community Provider Pooled Loan Program has been retired, and all loans made from the Community Provider Program have been repaid. No additional Authority debt will be incurred for that program.

The TLDA, in conjunction with the Department of Environment and Conservation, administers the State's Revolving Loan Fund Programs established pursuant to the Federal Clean Water Act as amended by the Water Quality Act of 1987 and the State Wastewater Facilities Act of 1987. In addition, the TLDA manages the State's Revolving Loan Fund for water facilities established pursuant to the Federal Safe Drinking Water Act and the State Drinking Water Revolving Loan Fund Act of 1997. The SRF programs are not leveraged, but the TLDA program could, if required, provide the leverage.

The Office of State & Local Finance serves as the registrar and/or paying agent for TLDA debt.

- Tennessee State School Bond Authority (TSSBA) — The TSSBA is delegated the responsibility for issuing bonds and notes to provide funds (1) to make loans to state institutions of higher learning to construct income-producing facilities and (2) to make funds available to the Tennessee Student Assistance Corporation for student loans under the Guaranteed Student Loan Program. The Authority is also responsible for the administration of the QZAB and the QSCB programs, federal tax credit/direct subsidy programs originally established through the Taxpayer's Relief Act of 1997 and the American Recovery and Reinvestment Act of 2009 (ARRA), respectively. QZABs were used to provide funds to make loans to local governments for certain educational projects. The 2009 and 2010 QSCB bonds were used to make loans to local governments for certain qualified construction projects. The Authority issued all of the QSCB bonds allocated under ARRA, and the federal government is no longer allocating QZAB bond authorizations. No additional debt will be issued for these programs.

  Regions Bank serves as the trustee, paying agent/registrar for the Higher Educational Facilities Second Program bonds.

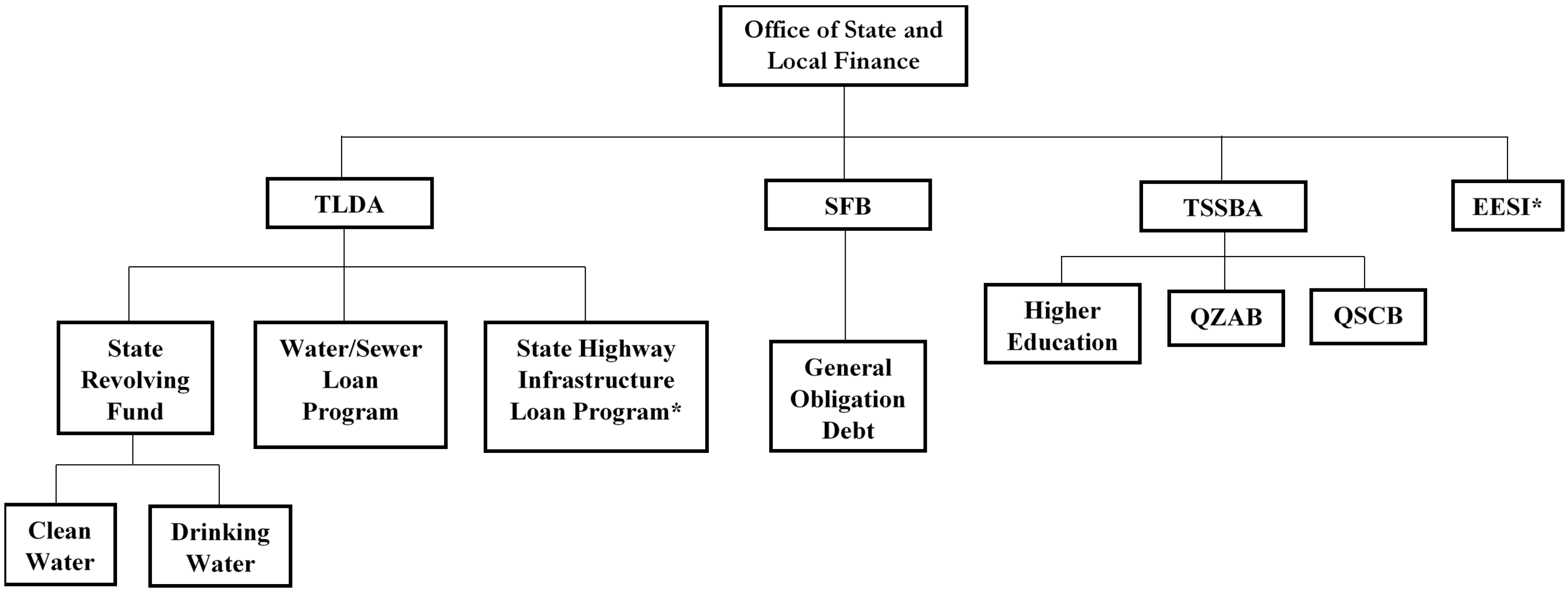
Appendix B
Office of State and Local Finance - Program Data & Statistics

Amounts presented below are for comparative purposes to demonstrate current volume and potential growth in established programs. A program to issue toll road bonds was established by the General Assembly in June 2007. However, no bonds have been authorized at this time. Additional programs may be established from time to time by the General Assembly, such as the QSCB program. The General Assembly and the federal government may authorize additional debt or loans to be issued under these programs on an annual basis. Data provided below is as of June 30, 2019 (unaudited).

STATISTIC	TLDA	CWSRF	DWSRF	G.O.[3]	HIGHER EDUCATION[4]	QZAB	QSCB
Number of Outstanding Debt Issues	2	N/A	N/A	18	11	2	2
Average number of new debt issues per year	0	N/A	N/A	2	2	N/A	N/A
Currently Authorized but Unissued Debt	N/A	N/A	N/A	1,326,975,075 [5]	375,021,730	N/A	N/A
SRF Unobligated Balance[1]	N/A	92,604,737	42,156,612	N/A	N/A	N/A	N/A
Long-Term Debt Outstanding	1,970,000	N/A	N/A	1,738,615,000	1,498,245,000	30,145,000	389,440,000
Short-Term Debt Outstanding	-	N/A	N/A	237,396,000	178,739,157	-	-
Total Debt Outstanding	1,970,000	N/A	N/A	1,976,011,000	1,676,984,157	30,145,000	389,440,000
Dollar Amount of Cash and Investments[2] held by Treasury (SPIF, LGIP, Sinking Fund)	14,732,895	440,879,722	54,526,438	N/A	22,622,101	117,224	221,527,846
Dollar Amount of Cash and Investments[2] with Trustee (Debt Service Reserve/Sinking Fund)	-	-	-	N/A	-	27,338,409	-
Total Dollar Amount of Cash and Investments	14,732,895	440,879,722	54,526,438	N/A	22,622,101	27,455,633	221,527,846
Dollar Amount of Cash and Investments[2] in Escrow--Defeased Debt	-	N/A	N/A	123,532,000	82,455,112	-	-
Dollar Amount of Loans Receivable	1,493,125	682,967,249	132,690,199	N/A	1,830,846,666	3,016,775	186,700,822
Number of Outstanding Loans/Projects	7	230	140	1,961	222	11	28
Average number of new projects authorized per year	0	15	15	10	10	N/A	N/A

1) Balance available to make loans as of June 27, 2019, includes cash in fund (net of approved loans) and federal grants awarded but not received.
2) Investments shown at Fair Market Value.
3) Balances shown are as of June 30, 2019 -subsequently, on September 17, 2019, the State sold $100,105,000 2019 Series A and $28,000,000 Series B (Federally Taxable) bonds.
4) Balances shown are as of June 30, 2019 -subsequently, on August 29, 2019, the Authority sold $146,915,000 2019 Series A and $60,255,000 Series B (Federally Taxable) bonds.
5) Including $840,700,000 authorized for Highways and Bridges. The State has no immediate plans to issue for these purposes.

Appendix C
Office of State and Local Finance – Programs Under Administration



*Internal Loan Program

Appendix D
Sample Financial Advisory Contract

CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
----------------------------, INC.

This Contract, by and between the State of Tennessee, Office of the Comptroller of the Treasury ("Comptroller") and -----, Inc. ("Contractor"), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee ("State") and the Tennessee State Funding Board ("SFB"), Tennessee Local Development Authority ("TLDA"), and Tennessee State School Bond Authority ("TSSBA")(SFB, TLDA, and TSSBA jointly "Issuers") to assist the Comptroller in the capacity as Secretary to the Issuers. References to "State" may include the Comptroller and the Issuers.

WITNESSETH: In consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this Contract according to the following provisions:

A. **SCOPE**. The Contractor agrees to perform the following services:

<u>GENERAL</u>

1. The Contractor agrees to serve the Comptroller as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

    - XXXXXXXX
    - YYYYYYYY
    - ZZZZZZZZZ

    These individuals will be assisted from time to time by other members of the Contractor's staff. The Comptroller has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. The Contractor agrees that during the term of this Contract that it will not underwrite, or assist in the underwriting, of the debt of the State or the Issuers.

3. All computer applications, not subject to licensing agreements, developed by the Contractor for the provision of services under this Contract shall be made available to the Comptroller for reimbursement, and the State and the Issuers shall have the option of reimbursement.

4. No reports, information, or data given to or prepared by the Contractor under this Contract shall be made available by the Contractor to any individual or organization other than the State or the Issuers or their members without the prior written approval of the Comptroller, except pursuant to legal process, regulatory requirement, or State open records laws.

<u>PLANNING SERVICES</u>

5. In connection with general debt management and planning, unless otherwise requested, the Contractor agrees to perform the following services:

(a) Review outstanding debt of the State and the Issuers and advise as to restructuring and refunding opportunities and evaluate future debt options.

(b) Assist with the capital budget process relative to timing and source of funds for capital improvements purposes.

(c) Identify financing alternatives/debt structures available to the State and the Issuers and monitor market activity and debt transactions as related to financing needs of the State and the Issuers.

(d) Advise and assist in rating maintenance and/or upgrade and assist in communications with rating agencies.

(e) Provide general data and analysis of data concerning municipal debt.

(f) Advise as to the method of sale (utilization of competitive, negotiated, or private placement) for particular debt transactions.

(g) Prepare regular cash flow analyses, credit analyses, market analyses, secondary market information, and modifications to the marketing program for bond issues.

(h) Subject to licensing requirements, provide the State or the Issuers, upon request, access to the Contractor's computer software (1) used to prepare cash flow analyses for bonds and (2) used to perform other financial analyses. Assist in establishing electronic document transfer capability between the Contractor and the State or the Issuers. The Contractor will be reimbursed for any time-sharing costs incurred by the State's or the Issuers' use of these programs outside normal debt issuance.

(i) Assist with the development of strategies for the investor program.

(j) Assist in establishing accounting systems and procedures to comply with applicable state and federal laws or regulations as they apply to the State's or the Issuers' debt or with the requirements of the State's or the Issuers' bond resolutions or program documents and assist in the training of the State's or the Issuers' staff in the implementation of such systems and procedures.

(k) Participate in the Comptroller's Office of State and Local Finance's strategic planning process and commit to the Office's strategic plan.

(l) Provide such other reasonably related services as may be requested by the Comptroller as it relates to the existing debt programs.

NEGOTIATED SALES

6. In connection with the negotiated sales of debt of the State or the Issuers, unless otherwise requested, the Contractor agrees to perform the following services:

(a) Review the current status of resolutions, cash flow projections, balance sheet, and contingent obligations.

(b) Discuss future program goals and specific requirements of the State or the Issuer relative to administrative costs and program size.

(c) Recommend long-term plans for investment strategy, financial exposure, cost projections, prepayment trends and use of unencumbered reserves of the Issuer.

(d) Assist in developing a specific financing plan and structure for the State's or the Issuers' programs.

(e) Assist in the development of a financing timetable which takes into account market trends, supply of competing issues, and investor purchasing patterns.

(f) Assist in preparation of bond resolutions, modifications to existing resolutions, and other financing documents related to the financing.

(g) Assist in developing rating agency presentations and follow-up, including agendas and required cash flow analyses.

(h) Assist in the preparation of the preliminary and final official statements.

(i) Upon request, develop an investment strategy for the various bond funds including, if appropriate, contracting, negotiating with, and taking bids from investment agreement providers.

(j) Prepare final cash flows and assist in analyses and preparing yield memorandum for arbitrage certification.

(k) Advise on the need for and selection of national and local underwriters.

(l) Prepare or assist in the preparation of a final report on the results of each negotiated bond sale including, but not limited to, the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by geographical region and type of investor, pricing and expense characteristics of comparable sales by other issuers, etc.

(m) Prepare amortization schedules by project and balance the individual schedules to the final amount of the bond sale.

(n) Perform any other services, which, in the judgment of the Comptroller and the Contractor, are necessary for successful financings on behalf of the Issuer.

COMPETITIVE SALES

7. As financial advisor on bond issues sold through competitive offerings, the Contractor agrees to perform all the services set forth in Paragraph A.6.(a) through (n) inclusive, except the services set forth in item (k). The Contractor also agrees to assist in the preparation of all documents, including but not limited to the notice of sale and bid form, necessary for a successful competitive bond issue, verify all bids submitted, and advise the Comptroller of the results of bidding.

SPECIAL PROJECTS

8. During the term of this Contract, the Comptroller and Contractor may agree to the performance by the Contractor of certain special studies and analyses not associated with the State's existing programs or not contemplated by Paragraphs A.5 through A.7 above. Charges for such special

projects and analyses will be billed at the hourly rates specified in Paragraph B.1 with mutually agreed upon maximum charges and expenses prior to the commencement of work on the project.

B. **TERM OF CONTRACT, PAYMENT TERMS AND CONDITIONS.** The Comptroller agrees to compensate the Contactor as follows:

TERM

1. The term of this Contract shall be from January 1, 2020 to December 31, 2022. To the extent permitted by applicable law and policies then in effect, this contract may be extended in writing by both parties upon such terms and conditions upon which mutual agreement is reached. The termination date of any such contract extension shall be no later than December 31, 2024.

MAXIMUM CONTRACT AMOUNT

2. For the three-year contract term commencing on January 1, 2020 and ending on December 31, 2022 the maximum contract amount shall not exceed $ ----,000.

   The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October __, 2019 (the "RFP"). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as approved by the Issuers.

3. It is expected that the maximum contract amount will be allocated as follows:

Transactional advisory fees (including special project)	$ ----,000
Retainer fee	$ ----,000
Reimbursement of expenses	$- ---,000
TOTAL	$-----,000

PROFESSIONAL SERVICES RELATING TO DEBT

4. For planning and transactional professional services rendered pursuant to debt issuance under this Contract, the Contractor will be entitled to compensation at the following hourly rates:

   Managing Director & Director $---
   Senior Managing Consultant $---
   Senior Analyst & Analyst $---

PROFESSIONAL SERVICES RELATED TO STRUCTURED PRODUCTS AND INVESTMENT MANAGEMENT

5. Professional services related to transactions involving investment advisory services, including structured products and investment management, will be provided for under a separate Engagement Letter between ----- and the Comptroller pursuant to terms agreed to by the respective parties. -------- and is a registered investment advisor under the Investment Advisers Act of 1940.

RETAINER FEES

6. In addition, the State will pay a retainer of $-,000 per month for consultation and special projects. Monthly, the contractor will provide the contract administrator an advice notice of the number of hours expended by project under the retainer. Assuming 60 hours to assist in establishing a new debt issuance program, the Contractor will charge a maximum of $--,000. The assumptions and expected related costs are attached to this Contract as Exhibit A.

EXPENSES

7. The Contractor shall have the right to be reimbursed its reasonably required, direct out-of-pocket expenses incurred in connection with providing services pursuant to this Contract and for which proper documentation is received. Such expenses shall include Contractor's counsel (except that the Comptroller retains the right to review and approve in advance the compensation of such counsel), travel, and communications. Maximum out-of-pocket expenses for the three-year contract term commencing January 1, 2020 and ending December 31, 2022 shall not exceed $---,000.

BILLINGS

8. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.
   a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
   b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.
9. Prior to beginning work on a debt transaction or a specific planning service, the Contractor and the Comptroller will mutually agree upon a maximum amount for fees (and for out-of-pocket expenses if anticipated to be significant) for that particular transaction or planning service. The Contractor agrees that it will not be compensated for services or reimbursed for any expenses above the maximum amount agreed upon for the particular project without the prior approval of the Comptroller.

10. Amounts for reimbursements for computer applications included in Paragraph A.3 have not been included in the total compensation amount. This Contract will have to be amended to authorize payment of a specific amount in compensation for such computer programs.

11. Billings will be submitted **at least quarterly**. The Contractor agrees, when requesting payment pursuant to Paragraph B.1 above, to submit to the Comptroller invoices or other documentation clearly indicating the number of hours worked, the individual providing the service, the Issuer and project for which the service was rendered, and a brief description of the service provided. The Contractor further agrees, when requesting reimbursement for expenses pursuant to Paragraph B.2 above, to submit to the Comptroller invoices or other documentation clearly indicating the type of expenses, and, where appropriate, the individual incurring the expense.

12. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.

13. Reimbursement for travel expenses (including but not limited to transportation, meals, and lodging) shall be in the amount of actual cost to the Contractor, subject to maximum amounts and limitations specified in the State Comprehensive Travel Regulations, as they may be from time to time amended, except as specifically approved in writing by the Comptroller.

C. **MANDATORY TERMS AND CONDITIONS.** The parties further agree that the following shall be mandatory terms and conditions of this Contract.

1. Conflicts of Interest. The Contractor warrants that no part of the compensation provided herein shall be paid directly or indirectly to any official or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, sub-contractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

2. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

3. Insurance. The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance and to pay all taxes incident hereunto. The State shall have no liability except as specifically provided in this Contract.

4. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the State, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

   a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment B, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.

b. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

c. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.

d. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.

5. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State through the Comptroller reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.

6. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.

7. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"),the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.

8. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.

9. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.

10. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the maximum contract amount. This limitation of liability is cumulative and not per incident.

11. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the maximum contract amount detailed in Section B.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor's indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section

12. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract.

    In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

13. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, et seq., the law governing the Tennessee Consolidated Retirement System ("TCRS") provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, et seq., accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any

provision of this Contract to the contrary, the Contractor and all individuals assigned by the Contractor to provide the services described in this Contract (an "Assigned Individual") agree that if it is later determined that the true nature of the working relationship between any Assigned Individual and the State under this Contract is that of "employee/employer" and not that of an independent contractor, such Assigned Individual, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits such Assigned Individual received from TCRS during the Term. The Contractor agrees that it will notify all Assigned Individuals of the provisions of this paragraph.

14. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its current and future principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals are excluded or disqualified, or presently fall under any of the prohibitions of sections a-d.

15. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours,

the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

16. Modification and Amendment. This Contract may be modified only by written amendment signed by all Parties and approved by all applicable State officials.

17. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from date of the final payment, and shall be subject to audit at any reasonable time and upon reasonable notice, by the State, the Comptroller or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

18. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller, or their duly appointed representatives.

19. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into subcontracts for any of the work described herein.

20. State and Federal Compliance. The Contractor shall comply with all State and federal laws and regulations applicable to Contractor in the Contractor's performance of this Contract.

21. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict or choice of law rules. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 408.

22. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.

23. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.

24. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

25. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:

a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;

b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below) which includes Attachments A (Assumptions and Expected Related Costs) and B (Attestation);

c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;

d. the State solicitation, as may be amended, requesting responses in competition for this Contract;

e. any technical specifications provided to proposers during the procurement process to award this Contract; and,

f. the Contractor's response seeking this Contract.

26. Investments. While the Contractor may provide advice and recommendations to the State regarding investment and long-term financial planning issues, it is acknowledged that the State makes all investment and long-term financial planning decisions at its own discretion.

27. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, et seq., addressing contracting with persons as defined at Tenn. Code Ann. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

28. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.

29. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

NOTICE AND AUTHORIZED REPRESENTATIVES

30. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

For the State:

Justin P. Wilson, Comptroller of the Treasury
State of Tennessee
600 Charlotte Avenue
First Floor, State Capitol Building
Nashville, Tennessee 37243-
615-741-2501
FAX: 615-741-741-7328
EMAIL: justin.wilson@cot.tn.gov

Sandra Thompson, Director of the Office of State and Local Finance
Comptroller of the Treasury,
State of Tennessee
425 5th Avenue North
Nashville, Tennessee 37243-3400
615-747-5380
FAX: 615-741-5986
EMAIL: state.local.finance@cot.tn.gov and sandi.thompson@cot.tn.gov

For the Contractor:

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

COUNTERPARTS; SIGNATURE PAGES.

31. This Contract may be executed and delivered in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Contract may be executed and delivered with separate signature pages with the same effect as though all parties had executed and delivered the same signature page.

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

-------, INC.

By: ___________________________________

Managing Director

Date: _________________________________

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: ___________________________________
Justin P. Wilson
Comptroller of the Treasury

Date: _________________________________

APPROVAL AS TO FUNDING:

____
Stuart McWhorter, Commissioner of Finance and Administration

Date: ____

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

______, INC.

By: ___________________________________

Managing Director

Date: _________________________________

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: ___________________________________
Justin P. Wilson
Comptroller of the Treasury

Date: _________________________________

APPROVAL AS TO FUNDING:

____
Stuart McWhorter, Commissioner of Finance and Administration

Date: ____

ATTACHMENT B

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
EDISON VENDOR IDENTIFICATION NUMBER:	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
----------------------------, INC.

This Contract, by and between the State of Tennessee, Office of the Comptroller of the Treasury ("Comptroller") and -----, Inc. ("Contractor"), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee ("State") and the Tennessee State Funding Board ("SFB"), Tennessee Local Development Authority ("TLDA"), and Tennessee State School Bond Authority ("TSSBA")(SFB, TLDA, and TSSBA jointly "Issuers") to assist the Comptroller in the capacity as Secretary to the Issuers. References to "State" may include the Comptroller and the Issuers.

WITNESSETH: In consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this Contract according to the following provisions:

A. **SCOPE**. The Contractor agrees to perform the following services:

GENERAL

1. The Contractor agrees to serve the Comptroller as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

   - XXXXXXXX
   - YYYYYYYY
   - ZZZZZZZZZ

   These individuals will be assisted from time to time by other members of the Contractor's staff. The Comptroller has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. The Contractor agrees that during the term of this Contract that it will not underwrite, or assist in the underwriting, of the debt of the State or the Issuers.

3. All computer applications, not subject to licensing agreements, developed by the Contractor for the provision of services under this Contract shall be made available to the Comptroller for reimbursement, and the State and the Issuers shall have the option of reimbursement.

4. No reports, information, or data given to or prepared by the Contractor under this Contract shall be made available by the Contractor to any individual or organization other than the State or the Issuers or their members without the prior written approval of the Comptroller, except pursuant to legal process, regulatory requirement, or State open records laws.

PLANNING SERVICES

5. In connection with general debt management and planning, unless otherwise requested, the Contractor agrees to perform the following services:

   (a) Review outstanding debt of the State and the Issuers and advise as to restructuring and refunding opportunities and evaluate future debt options.

(b) Assist with the capital budget process relative to timing and source of funds for capital improvements purposes.

(c) Identify financing alternatives/debt structures available to the State and the Issuers and monitor market activity and debt transactions as related to financing needs of the State and the Issuers.

(d) Advise and assist in rating maintenance and/or upgrade and assist in communications with rating agencies.

(e) Provide general data and analysis of data concerning municipal debt.

(f) Advise as to the method of sale (utilization of competitive, negotiated, or private placement) for particular debt transactions.

(g) Prepare regular cash flow analyses, credit analyses, market analyses, secondary market information, and modifications to the marketing program for bond issues.

(h) Subject to licensing requirements, provide the State or the Issuers, upon request, access to the Contractor's computer software (1) used to prepare cash flow analyses for bonds and (2) used to perform other financial analyses. Assist in establishing electronic document transfer capability between the Contractor and the State or the Issuers. The Contractor will be reimbursed for any time-sharing costs incurred by the State's or the Issuers' use of these programs outside normal debt issuance.

(i) Assist with the development of strategies for the investor program.

(j) Assist in establishing accounting systems and procedures to comply with applicable state and federal laws or regulations as they apply to the State's or the Issuers' debt or with the requirements of the State's or the Issuers' bond resolutions or program documents and assist in the training of the State's or the Issuers' staff in the implementation of such systems and procedures.

(k) Participate in the Comptroller's Office of State and Local Finance's strategic planning process and commit to the Office's strategic plan.

(l) Provide such other reasonably related services as may be requested by the Comptroller as it relates to the existing debt programs.

NEGOTIATED SALES

6. In connection with the negotiated sales of debt of the State or the Issuers, unless otherwise requested, the Contractor agrees to perform the following services:

(a) Review the current status of resolutions, cash flow projections, balance sheet, and contingent obligations.

(b) Discuss future program goals and specific requirements of the State or the Issuer relative to administrative costs and program size.

(c) Recommend long-term plans for investment strategy, financial exposure, cost projections, prepayment trends and use of unencumbered reserves of the Issuer.

(d) Assist in developing a specific financing plan and structure for the State's or the Issuers' programs.

(e) Assist in the development of a financing timetable which takes into account market trends, supply of competing issues, and investor purchasing patterns.

(f) Assist in preparation of bond resolutions, modifications to existing resolutions, and other financing documents related to the financing.

(g) Assist in developing rating agency presentations and follow-up, including agendas and required cash flow analyses.

(h) Assist in the preparation of the preliminary and final official statements.

(i) Upon request, develop an investment strategy for the various bond funds including, if appropriate, contracting, negotiating with, and taking bids from investment agreement providers.

(j) Prepare final cash flows and assist in analyses and preparing yield memorandum for arbitrage certification.

(k) Advise on the need for and selection of national and local underwriters.

(l) Prepare or assist in the preparation of a final report on the results of each negotiated bond sale including, but not limited to, the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by geographical region and type of investor, pricing and expense characteristics of comparable sales by other issuers, etc.

(m) Prepare amortization schedules by project and balance the individual schedules to the final amount of the bond sale.

(n) Perform any other services, which, in the judgment of the Comptroller and the Contractor, are necessary for successful financings on behalf of the Issuer.

<u>COMPETITIVE SALES</u>

7. As financial advisor on bond issues sold through competitive offerings, the Contractor agrees to perform all the services set forth in Paragraph A.6.(a) through (n) inclusive, except the services set forth in item (k). The Contractor also agrees to assist in the preparation of all documents, including but not limited to the notice of sale and bid form, necessary for a successful competitive bond issue, verify all bids submitted, and advise the Comptroller of the results of bidding.

<u>SPECIAL PROJECTS</u>

8. During the term of this Contract, the Comptroller and Contractor may agree to the performance by the Contractor of certain special studies and analyses not associated with the State's existing programs or not contemplated by Paragraphs A.5 through A.7 above. Charges for such special projects and analyses will be billed at the hourly rates specified in Paragraph B.1 with mutually agreed upon maximum charges and expenses prior to the commencement of work on the project.

B. **TERM OF CONTRACT, PAYMENT TERMS AND CONDITIONS.** The Comptroller agrees to compensate the Contactor as follows:

1. **TERM** The term of this Contract shall be from January 1, 2020 to December 31, 2022. To the extent permitted by applicable law and policies then in effect, this contract may be extended in writing by both parties upon such terms and conditions upon which mutual agreement is reached. The termination date of any such contract extension shall be no later than December 31, 2024.

MAXIMUM CONTRACT AMOUNT

2. For the three-year contract term commencing on January 1, 2020 and ending on December 31, 2022 the maximum contract amount shall not exceed $ ----,000.

   The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October __, 2019 (the "RFP"). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as approved by the Issuers.

3. It is expected that the maximum contract amount will be allocated as follows:

Transactional advisory fees (including special project)	$ ----,000
Retainer fee	$ ----,000
Reimbursement of expenses	$- ---,000
TOTAL	$-----,000

PROFESSIONAL SERVICES RELATING TO DEBT

4. For planning and transactional professional services rendered pursuant to debt issuance under this Contract, the Contractor will be entitled to compensation at the following hourly rates:

   Managing Director & Director $---
   Senior Managing Consultant $---
   Senior Analyst & Analyst $---

PROFESSIONAL SERVICES RELATED TO STRUCTURED PRODUCTS AND INVESTMENT MANAGEMENT

5. Professional services related to transactions involving investment advisory services, including structured products and investment management, will be provided for under a separate Engagement Letter between ----- and the Comptroller pursuant to terms agreed to by the respective parties. -------- and is a registered investment advisor under the Investment Advisers Act of 1940.

RETAINER FEES

6. In addition, the State will pay a retainer of $-,000 per month for consultation and special projects. Monthly, the contractor will provide the contract administrator an advice notice of the number of hours expended by project under the retainer. Assuming 60 hours to assist in establishing a new debt issuance program, the Contractor will charge a maximum of $--,000. The assumptions and expected related costs are attached to this Contract as Exhibit A.

EXPENSES

7. The Contractor shall have the right to be reimbursed its reasonably required, direct out-of-pocket expenses incurred in connection with providing services pursuant to this Contract and for which proper documentation is received. Such expenses shall include Contractor's counsel (except that the Comptroller retains the right to review and approve in advance the compensation of such counsel), travel, and communications. Maximum out-of-pocket expenses for the three-year contract term commencing January 1, 2020 and ending December 31, 2022 shall not exceed $---,000.

BILLINGS

8. Prior to beginning work on a debt transaction or a specific planning service, the Contractor and the Comptroller will mutually agree upon a maximum amount for fees (and for out-of-pocket expenses if anticipated to be significant) for that particular transaction or planning service. The Contractor agrees that it will not be compensated for services or reimbursed for any expenses above the maximum amount agreed upon for the particular project without the prior approval of the Comptroller.

9. Amounts for reimbursements for computer applications included in Paragraph A.3 have not been included in the total compensation amount. This Contract will have to be amended to authorize payment of a specific amount in compensation for such computer programs.

10. Billings will be submitted **at least quarterly**. The Contractor agrees, when requesting payment pursuant to Paragraph B.1 above, to submit to the Comptroller invoices or other documentation clearly indicating the number of hours worked, the individual providing the service, the Issuer and project for which the service was rendered, and a brief description of the service provided. The Contractor further agrees, when requesting reimbursement for expenses pursuant to Paragraph B.2 above, to submit to the Comptroller invoices or other documentation clearly indicating the type of expenses, and, where appropriate, the individual incurring the expense.

11. Reimbursement for travel expenses (including but not limited to transportation, meals, and lodging) shall be in the amount of actual cost to the Contractor, subject to maximum amounts and limitations specified in the State Comprehensive Travel Regulations, as they may be from time to time amended, except as specifically approved in writing by the Comptroller.

C. **MANDATORY TERMS AND CONDITIONS.** The parties further agree that the following shall be mandatory terms and conditions of this Contract.

1. Conflicts of Interest. The Contractor warrants that no part of the compensation provided herein shall be paid directly or indirectly to any official or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, sub-contractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

2. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination..

3. The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance and to pay all taxes incident hereunto. The State shall have no liability except as specifically provided in this Contract.

4. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the State, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

   a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment B, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.

   b. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

   c. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.

   d. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.

5. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State through the Comptroller reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.

6. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.

7. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"),the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.

8. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.

9. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.

10. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the maximum contract amount. This limitation of liability is cumulative and not per incident.

11. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the maximum contract amount detailed in Section B.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor's indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section

12. The Contractor agrees to indemnify and hold harmless the State as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract..

13. In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate

actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

14. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, et seq., the law governing the Tennessee Consolidated Retirement System ("TCRS"), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, et seq., accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.

15. The Contractor certifies, to the best of its knowledge and belief, that it and its current and future principals:

    a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

    b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

    c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

    d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals are excluded or disqualified, or presently fall under any of the prohibitions of sections a-d.

16. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the

State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

17. This Contract may be modified only by written amendment signed by all Parties and approved by all applicable State officials.

18. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from date of the final payment, and shall be subject to audit at any reasonable time and upon reasonable notice, by the State, the Comptroller or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

19. <u>Monitoring.</u> The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

20. The Contractor shall not assign this Contract or enter into subcontracts for any of the work described herein.

21. <u>State and Federal Compliance</u>. The Contractor shall comply with all State and federal laws and regulations applicable to Contractor in the Contractor's performance of this Contract..

22. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict or choice of law rules. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 408.

23. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.

24. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.

25. <u>Headings</u>. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

26. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:

a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;

b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below) which includes Attachments A (Assumptions and Expected Related Costs) and B (Attestation);

c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;

d. the State solicitation, as may be amended, requesting responses in competition for this Contract;

e. any technical specifications provided to proposers during the procurement process to award this Contract; and,

f. the Contractor's response seeking this Contract.

27. While the Contractor may provide advice and recommendations to the State regarding investment and long-term financial planning issues, it is acknowledged that the State makes all investment and long-term financial planning decisions at its own discretion.

28. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, et seq., addressing contracting with persons as defined at Tenn. Code Ann. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

29. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.

30. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

NOTICE AND AUTHORIZED REPRESENTATIVES

31. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

For the State:

Justin P. Wilson, Comptroller of the Treasury

State of Tennessee
600 Charlotte Avenue
First Floor, State Capitol Building
Nashville, Tennessee 37243-
615-741-2501
FAX: 615-741-741-7328
EMAIL: justin.wilson@cot.tn.gov

Sandra Thompson, Director of the Office of State and Local Finance
Comptroller of the Treasury,
State of Tennessee
425 5th Avenue North
Nashville, Tennessee 37243-3400
615-747-5380
FAX: 615-741-5986
EMAIL: state.local.finance@cot.tn.gov and sandi.thompson@cot.tn.gov

For the Contractor:

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

COUNTERPARTS; SIGNATURE PAGES.

This Contract may be executed and delivered in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Contract may be executed and delivered with separate signature pages with the same effect as though all parties had executed and delivered the same signature page.

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

-------, INC.

By: ____________________________________

Managing Director

Date: __________________________________

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: ____________________________________
Justin P. Wilson
Comptroller of the Treasury

Date: __________________________________

APPROVAL AS TO FUNDING:

____
Stuart McWhorter, Commissioner of Finance and Administration

Date: ____

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

______, INC.

By: ___________________________________

Managing Director

Date: _________________________________

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: ___________________________________
Justin P. Wilson
Comptroller of the Treasury

Date: _________________________________

APPROVAL AS TO FUNDING:

____
Stuart McWhorter, Commissioner of Finance and Administration

Date: ____

ATTACHMENT B

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
EDISON VENDOR IDENTIFICATION NUMBER:	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION