



**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**MAY 21, 2020**  
**AGENDA**

1. Call Meeting to Order
2. Approval of minutes from the TLDA meeting of March 6, 2020
3. Requests from the Big Creek Utility District:
  - a) Request from Big Creek Utility District to waive the enforcement of requirement 7(m) set forth in its loan agreements requiring that the audit be filed within six months of fiscal year end
  - b) Request to issue a USDA Waterworks Revenue Bond in an amount not to exceed \$2,600,000 subordinate to its outstanding SRF loan agreements
4. Request from the Water Authority of Dickson County to issue promissory notes in an amount not to exceed \$260,000 subordinate to its SRF loan agreements
5. Request from Nashville Metro and Davidson County to issue three new SRF loans on parity with its outstanding Water and Sewer Revenue Bonds.
6. Report on the notification from the City of Crossville submitted to comply with TLDA SRF Policy and Guidance for Borrowers
7. Consider for approval the following CWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Nashville Metro, SRF 2020-446	\$ 11,600,000	\$ -	\$ 11,600,000	0.95%	20
Huntland, CG6 2019-426	\$ 900,000	\$ 100,000	\$ 1,000,000	0.32%	30
Huntland, SRF 2019-427	\$ 2,925,000	\$ -	\$ 2,925,000	0.32%	30
Caryville-Jacksboro, CW8 2020-444	\$ 443,700	\$ 49,300	\$ 493,000	0.54%	20

8. Consider for approval the following DWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Nashville Metro, DG8 2020-223	\$ 5,000,000	\$ -	\$ 5,000,000	0.65%	20
Nashville Metro, DWF 2020-224	\$ 27,493,000	\$ -	\$ 27,493,000	0.95%	20

9. Report on SRF borrowers that have not submitted request for project expense reimbursement
10. Adjourn

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**March 6, 2020**

The Tennessee Local Development Authority (the Authority or TLDA) met on Friday, March 6, 2020, at 11:30 a.m. in the 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 P. Wilson, Comptroller of the Treasury  
The Honorable David H. Lillard, Jr., State Treasurer  
Angela Scott, Proxy for Commissioner Stuart C. 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 L. Moore, House Appointee  
Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

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

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

Mr. Hargett asked for a motion to approve the minutes of the January 21, 2020, TLDA meeting. Mr. Lillard made a motion to approve the minutes, and Mr. Wilson seconded the motion. Mr. Hargett conducted a roll-call vote:

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

The minutes were unanimously approved.

Mr. Hargett stated that the next item of business was a request from the Bloomingdale Utility District (the “District”) to issue a United States Department of Agriculture (USDA) Waterworks Revenue Bond on parity with its outstanding SRF loan agreements and a bond anticipation note, subordinate to its SRF loans. The proposed debt would be issued in an amount not to exceed \$1,000,000. He then recognized Ms. Alicia West, Program Accountant with the Office of State and Local Finance (OSLF), to present the item. Ms. West stated that as required by the provisions set forth in the SRF loan agreements and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*, the District was requesting approval to issue a USDA Waterworks Revenue Bond on parity with its SRF loan agreements and a bond anticipation note subordinate to its State Revolving Fund (SRF) loans. She reported that the proposed debt would be issued in an amount not to exceed \$1,000,000 and that proceeds would be

used to finance project costs until completion, at which time, the USDA bond would then be issued. She stated that the request letter states that the District was requesting the parity lien position to preserve its ability to issue future debt on a parity-senior-lien basis and that this would minimize cost to its rate payers. She further stated that per the District's Bond Counsel, Jeff Oldham, with Bass Berry & Sims, if the USDA bond was issued with a lien position subordinate to the SRF lien position, any future debt must also be issued on a subordinate basis. She continued, saying that it was important to note that pursuant to the TLDA/SRF Policy & Guidance and loan agreements, the District would still be required to seek approval to issue any additional debt secured by revenues of the system and/or modification of lien position. She stated that there was a fully-funded security deposit in place and that the District's most recent financial statements reflected a positive change in net position with an operating income of \$532,081. Ms. West stated that based on the analysis conducted by the OSLF, the District had timely filed its audited financial statements, had a history of timely repayment of its current SRF loans, and its current and projected debt service coverage ratio either met or exceeded the 1.20 times requirement through fiscal year 2022. Furthermore, she stated that the District should have sufficient cash and revenues to meet its obligations, and that it appeared to meet TLDA's guidelines for approval to issue the additional debt with a parity lien position.

Mr. Hargett asked if the TLDA had any comments or questions. Hearing none, Mr. Lillard made a motion to approve, and Mr. Wilson seconded the motion. Mr. Hargett conducted a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was a request from the Minor Hill Utility District ("MHUD") to issue Waterworks Revenue Bonds in an amount not to exceed \$1,500,000 with a subordinate lien position to its outstanding SRF loan agreements. He recognized Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the OSLF, to present the request. Ms. Thompson stated that as required by the provisions set forth in the SRF loan agreements and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*, the MHUD had submitted a request for approval to issue revenue refunding bonds in an amount not to exceed \$1,500,000 with a lien position subordinate to its outstanding SRF loans. In addition, she stated that because the proposed refunding bonds constituted balloon indebtedness, the MHUD was required, pursuant to Tenn. Code Ann. 9-21-134, to submit a request for approval to issue balloon debt to the Director of Local Government Finance. She stated that the request was received by the Division of Local Government Finance on January 27th, and the balloon debt approval was provided in a letter, dated January 30, 2020. Ms. Thompson continued, saying that the proposed debt was a refunding of existing debt and that would be secured by revenues of the system. She said that bond proceeds would be used to refund the MHUD's 2003 USDA bonds, as well as fund a debt service reserve fund and pay costs of issuance. She reported that the MHUD expects a net present value savings of almost \$250,000. Ms. Thompson then stated that the MHUD did not have a debt rating, but that it had a history of timely repayments on its SRF debt, had timely filed its audited financial statements, and that there was a fully-funded security deposit in place in the amount of \$78,741. She stated that its current debt service coverage ratio met or exceeded the required 1.20 times, and that it was projected to meet that requirement for the next three fiscal years. Ms. Thompson noted that the MHUD was currently under the jurisdiction of the Utility Management Review Board (UMRB) for financial distress and was ordered by the board to conduct a rate and fee study, which was due by April 30, 2020. She concluded, saying that based on the analysis conducted by the OSLF, the MHUD should have sufficient cash and revenues to meet its obligations, and it appeared to meet the TLDA's guidelines for approval to issue refunding bonds with a lien position subordinate to its outstanding SRF loan agreements. Mr. Hargett inquired if there was any discussion. Mr. Wilson responded affirmatively and asked if the MHUD had extended the maturity of its debt. Ms. Thompson responded, saying that it had not extended its maturity, and that the new debt had a repayment schedule that was within the same footprint of the refunded debt. Mr. Wilson commented that the MHUD's total indebtedness would not increase, and Ms. Thompson responded affirmatively.

Mr. Hargett asked if there was any further discussion. Hearing none, Mr. Wilson made a motion to approve, and Mr. Lillard seconded the motion. Mr. Hargett conducted a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett then thanked Mr. Oldham for attending today's meeting.

Mr. Hargett then stated that the next item on the agenda was a report on the notification from the City of Wartburg ("City") submitted to comply with *TLDA/SRF Policy and Guidance for Borrowers*. He called upon Ms. West to present the report. Ms. West stated that the City had submitted notification to the TLDA as required by the *TLDA/SRF Policy and Guidance for Borrowers*. She stated that it had proposed to issue USDA bonds in an amount not to exceed \$1,276,000 and that the bond proceeds would be used to finance sewer system improvements and extensions. She stated that the bond would be secured by a pledge of sewer revenues subordinate to the pledge of revenues in favor of the City's 2005 SRF loan. Ms. West then stated that this was a notification only and no action was required. Mr. Hargett asked if there were any comments or discussion about the report. Hearing none, he moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was a request for consideration of approval for Clean Water State Revolving Fund (CWSRF) loans and stated that, unless there was any objection, the TLDA would hear the three loan requests prior to asking for a motion to approve. Hearing none, he recognized Dr. Leslie Gillespie-Marthaler, Director of the State Revolving Fund (SRF) program for the Tennessee Department of Environment and Conservation (TDEC), to present the loan requests. Dr. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was \$85,423,369 as of January 21, 2020. Since that time, the unobligated balance had increased by \$126,030 due to a return of unused loan funds from the Trenton Light and Water Department. Upon approval of the loan requests to be presented totaling \$23,540,000, the funds available for loan obligations would be \$62,009,399. Dr. Gillespie-Marthaler said that TDEC believed it would have sufficient funds through the state budget to meet its state match in time for the fourth quarter of this year, which meant they would be in compliance with the requirements of its capitalization agreements with EPA. She then described the CWSRF loan requests.

- **Waverly (CW7 2019-436)** Requesting \$740,000 (\$666,000 (90%) loan; \$74,000 (10%) principal forgiveness) for infiltration and inflow corrections (replacement of approximately 2,000 linear feet (LF) of sewer lines and manholes; and rehabilitation of approximately 3,400 LF of sewer lines by method of cured in place pipe (CIPP)); letter submitted for late audit filing; recommended interest rate of 0.97% based on the Ability to Pay Index (ATPI); Priority ranking 40 of 78 (FY 2019); Term 20 years.
- **Smyrna (SRF 2020-438)** Requesting \$18,000,000 for wastewater treatment plant (WWTP) expansions (expansion of the existing wastewater treatment plant from 5.85 million gallons per day (MGD) to 9.0 MGD); recommended interest rate of 1.30% based on the ATPI; Priority ranking list 11 of 67 (FY2017); Term 30 years.
- **Humboldt (SRF 2019-433-01)** Requesting \$4,800,000 for WWTP expansion (construction of a new 5 MGD sequencing batch reactors (SBR), grit removal system, and disinfection basin; replace influent pumps; conversion of anaerobic digesters to aerobic digesters; and sludge disposal improvements);

recommended interest rate of 0.48% based on the ATPI; Priority ranking list 55 of 72 (FY2018); Term 20 years.

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

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

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of approval for Drinking Water State Revolving Fund (DWSRF) loans. He stated that the TLDA would hear the two loan requests prior to asking for a motion to approve. He then called upon Dr. Leslie Gillespie-Marthaler to present the loan requests. Dr. Gillespie-Marthaler stated the DWSRF unobligated balance was \$72,723,713 as of January 21, 2020. Upon approval of the loan requests to be presented totaling \$2,510,000, the funds available for loan obligations would be \$70,213,713. She then described the DWSRF loan requests.

- **Erwin Utilities Authority (DG7 2020-222)** Requesting \$2,000,000 for Green-water meter replacement (installation of automatic meter reading (AMR) meters and leak detection equipment within the Erwin Utilities service area; recommended interest rate of 0.07% based on the ATPI; Priority ranking 31 of 43 (FY2019); Term 20 years.

Dr. Gillespie-Marthaler explained that Erwin's 0.07% interest rate was due to its green project status. She stated that other subsidies were available within the SRF program, including green projects that were eligible under EPA criteria. She further stated that she had been communicating with Ms. Thompson about the need to rework the calculations for SRF interest rates in order to establish floors and prevent depletion of the revolving bases. She said that this should take place within the next couple of weeks and planned to come back to the TLDA with a recommendation and updated policies by June. Mr. Hargett then inquired if the next TLDA meeting would not be scheduled until June, or if other loans would be affected between now and then. Dr. Gillespie-Marthaler replied, saying that TDEC would keep the current policy in place until it could make the changes and present the updated policies to the TLDA.

- **Humboldt (DWF 2019-215-01)** Requesting \$510,000 for water treatment plant and water distribution system improvements; recommended interest rate of 0.48% based on the ATPI; Priority ranking list 8 of 21 (FY2018); Term 20 years.

Mr. Hargett inquired if there was any discussion. Hearing none, he made a motion to approve the loans, and Mr. Lillard seconded the motion. Mr. Hargett conducted a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was an update on the DWSRF priority ranking list (DWPRL). He asked Dr. Gillespie-Marthaler to present the item. Dr. Gillespie-Marthaler began by informing the TLDA that the CWSRF priority ranking list was not included on the agenda because TDEC believed it had identified 100% of project funding in terms of obligation. She said potential borrowers were now being asked to reapply with funding requests after TDEC received its next capitalization grant. She stated that there was still funding capacity with DW and proceeded to present a list of all entities currently on the DWPRL. She stated that all entities had been contacted, and reported that there were six projects, including Camden Utility District, Smyrna, three projects for Nashville Metro, and the Utility District of Hawkins County, totaling \$41,193,000, that TDEC believed were good candidates for funding before the end of the fiscal year. She stated that the other communities were in different stages of the SRF loan process and that it was difficult to say when those would come forward. Dr. Gillespie-Marthaler stated that some of the entities they contacted had not yet responded to their follow-up calls, and some entities had responded and stated that they would be looking for grant funding as opposed to a SRF loan. Dr. Gillespie-Marthaler said that TDEC believed it would get much closer to obligating the balance of DW this year. She stated that TDEC was actively pursuing the individuals and entities on the DWPRL. No further action was required. Mr. Hargett asked if there were any questions or comments. Hearing none, he moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was a report on SRF borrowers that have not submitted requests for project expense reimbursement. He called upon Dr. Gillespie-Marthaler to present the report. She began by saying that TDEC had contacted all borrowers listed on the SRF report to inquire about the inactivity on previously approved SRF loans. She stated that those currently in compliance with construction and completion dates included Cleveland, Dyersburg, Franklin, Hamilton County, and Oak Ridge. She then said that TDEC was closely monitoring the situation with the City of Jasper since it was now approaching one year, and the City had not executed its loans. She reported that the City was working with its lawyers due to its non-responsive contractor. Dr. Gillespie-Marthaler stated that TDEC and its Office of General Counsel (OGC) would be talking more about the situation with the City and its lawyers. She noted that it might be in the City's best interest to return the funds and reapply later for a loan when they were ready to move forward with the project. Mr. Hargett asked if the TLDA had any questions about the report. No questions were presented, and no further action was required.

Mr. Hargett then stated that before the meeting adjourned, he wanted to make sure everyone understood that staff was in the process of updating the *TLDA/SRF Policy and Guidance for Borrowers*. He said that it would be presented for approval at a future TLDA meeting once it had been finalized with staff comments.

Hearing no other business, Mr. Hargett moved to adjourn. Mr. Lillard seconded the motion. Mr. Hargett conducted a roll-call vote:

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

The meeting was adjourned.

Approved on this \_\_\_\_ day of \_\_\_\_\_, 2020.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

**May 13, 2020**  
**Big Creek Utility District**  
**Request for TLDA Approval of Additional Debt Issuance**

The Big Creek Utility District (the "District") is requesting approval from the Tennessee Local Development Authority (TLDA) to issue a United States Department of Agriculture (the "USDA") Waterworks Revenue Bond subordinate to its outstanding State Revolving Fund (SRF) loan agreements. Request for approval is required by provisions set forth in the State Revolving Fund (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 \$2,600,000.

The District is also requesting a waiver of section 7(m) of the loan agreement which prohibits the issuance of debt, secured by the system's revenues, unless the audit for the most recent fiscal year end was filed within six months of fiscal year end.

**1. The requestor is a:**

- 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  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 revenue bonds in parity with its outstanding SRF loan(s).  
 The borrower is requesting to subordinate its outstanding SRF debt to the proposed 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  
 New Money

**4. Description and Additional Information:**

The USDA has offered to loan the District \$2,600,000 at a rate not greater than 1.875%, payable in 480 equal consecutive monthly installments of principal and interest. The loan will be accompanied by a grant of \$700,000. The District will use the proceeds of the loan and grant to complete the water supply improvements described in the USDA Letter of Conditions dated December 27, 2016:

- The proposed project consists of the replacement of the 6" water line on State Routes 108 and 399 with a 12" ductile iron water line installed by open cut, along with the replacement of service lines and reconnection of service meters.
- The goal of this rehabilitation project is to reduce water loss, required maintenance, energy, increase pressure, and to decommission two (2) existing water tanks.
- This project should ultimately lead to greater efficiency within the water system, and a higher level of service to customers.

**5. The debt rating of the borrower is:**

*Please indicate N/R if not rated.*

N/R Moody's  
N/R Standard and Poor's  
N/R Fitch

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

Big Creek UD							
5/8/2020							
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @5/8/20	MADS*
Water	2013-135	Repayment	2,120,765.00	-	20%	1,399,654.00	84,828.00
Water	2017-188	Repayment	299,235.00	-	20%	127,761.00	47,976.00
Water	2017-189	Repayment	156,796.00	43,969.00	0%	79,904.86	40,236.00
							173,040.00

**7. Compliance with SRF Loan Agreement:**

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

Yes       No

- **Security Deposit (UDs and Authorities) [8.]**

Amount on deposit: \$173,040

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

The District did not timely file its audited financial statements with the Division of Local Government Audit for fiscal year ended February 28, 2019. The District stated that that it participates in the Tennessee Consolidated Retirement System (TCRS) and its auditor, Totherow, Haile and Welch, could not submit the FY19 audit without its retirement information, and TCRS does not have the information ready until later in the year. The audit report, due on 8/31/2019, was submitted on 11/27/19 upon release of the TCRS report.

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

Yes       No

For the fiscal year ended February 28, 2019, the District reported operating income of \$230,285 and a positive change in net position of \$236,676, including capital contributions of \$9,490. The District reported income before capital contributions of \$227,186 which demonstrates that its rate structure provides sufficient revenues to meet the District's expenses including depreciation.

As reported on the cash flow statement, debt service payments for fiscal year 2019 were \$313,557, consisting of principal payments of \$285,090 and interest payments of \$28,467.

As of the fiscal year ended February 28, 2019, the District reported \$2,552,486 in cash and cash equivalents, \$544,878 of which is restricted. In addition to \$2,007,608 in unrestricted cash, the District reported \$173,038 in its SRF reserve fund.

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

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

Yes       No

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

*Most Recent Fiscal Year (m)(3):*

The District's debt service coverage ratio was 1.91x for fiscal year ended February 28, 2019 (from the historical and pro forma debt service coverage analysis schedule provided by the District). The District has met the debt service coverage requirement for fiscal year ended February 28, 2019, and estimates that it will meet the requirement for fiscal year 2020 with a debt service coverage ratio of 1.39x.

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

The District 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 1.35x to 1.42x for fiscal years 2021 through 2023. The District has indicated that its maximum annual debt service after the issuance of the USDA revenue bonds will be \$433,488, beginning in fiscal year 2021.

**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 ( \_\_\_ Water Loss \_\_\_ Financial Distress)  X  No

**Disclosure:** The Utility Management review board is recommending a merger between Griffith Creek Utility District and Big Creek Utility District. Upon merging, Big Creek would assume the debt of Griffith Creek including its SRF debt.

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

\$ \_\_\_\_\_ Received in prior fiscal year  
\$ \_\_\_\_\_ Total Maximum Annual Debt Service (with SST pledge)\*  
\$ \_\_\_\_\_ Unobligated SSTs

**9. Conclusion**

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

**Attachments:**

Debt Service Coverage & Three-year Financial Projection

**Big Creek Utility District**

**Debt Service Coverage & Three-year Financial Projection**

	Actual			Budget	Projected		
	2017	2018	2019	2020	2021	2022	2023
Operating Revenues	\$ 1,665,679	\$ 1,765,987	\$ 1,765,093	\$ 1,714,056	\$ 1,846,568	\$ 1,874,266	\$ 1,902,379
Operating Expenses	(1,153,341)	(1,122,769)	(1,190,320)	(1,239,532)	(1,259,476)	(1,272,070)	(1,284,790)
Operating Income	\$ 512,338	\$ 643,218	\$ 574,773	\$ 474,524	\$ 587,092	\$ 602,196	\$ 617,589
Other Income	-	-	-	-	-	-	-
Cash from Operations	\$ 512,338	\$ 643,218	\$ 574,773	\$ 474,524	\$ 587,092	\$ 602,196	\$ 617,589
Annual Debt Service	\$ 188,991	\$ 260,384	\$ 300,588	\$ 340,824	\$ 433,488	\$ 433,488	\$ 433,488
Debt Service Coverage (Times)	2.71	2.47	1.91	1.39	1.35	1.39	1.42

**BIG CREEK UTILITY DISTRICT**  
**1606 Main Street**  
**Altamont, TN 37301**  
**(931) 692-2505**

May , 2020

Via Email (sandi.thompson@cot.tn.gov and  
Alicia.west@cot.tn.gov)

Ms. Sandra Thompson, Assistant Secretary  
Tennessee Local Development Authority  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Re: Big Creek Utility District of Grundy County, Tennessee (the "District") –  
Proposed \$2,600,000 USDA Waterworks Revenue Bond

Dear Ms. Thompson:

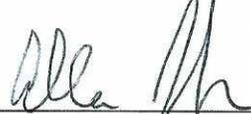
Our auditor, Totherow, Haile and Welch, could not submit the FY19 audit without our retirement information and the Tennessee Consolidated Retirement System does not have the information ready until later in the year. The audit report, due on 8/31/2019, was submitted on 11/27/19 upon release of the TCRS report. The District hereby requests the TLDA waive enforcement of the requirement set forth in section 7(m) of the loan agreement.

I am happy to answer any questions you may have and, if necessary, to attend the Funding Board meeting. You may also contact of bond counsel, Jeff Oldham at Bass, Berry & Sims, with any questions. Please let me know when the approval will be considered.

Thanks for your help.

Yours truly,

BIG CREEK UTILITY DISTRICT



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General Manager

ndj

Attachments

cc: Jeffrey Oldham, Bass, Berry & Sims (via e-mail – [joldham@bassberry.com](mailto:joldham@bassberry.com))

**BIG CREEK UTILITY DISTRICT**  
**1606 Main Street**  
**Altamont, TN 37301**  
**(931) 692-2505**

May7, 2020

Via Email (sandi.thompson@cot.tn.gov and  
Alicia.west@cot.tn.gov)

Ms. Sandra Thompson, Assistant Secretary  
Tennessee Local Development Authority  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37243

Re: Big Creek Utility District of Grundy County, Tennessee (the "District") –  
Proposed \$2,600,000 USDA Waterworks Revenue Bond

Dear Ms. Thompson:

The United States Department of Agriculture (the "USDA") has offered to loan the District \$2,600,000 at a rate not greater than 1.875%, payable in 480 equal consecutive monthly installments of principal and interest. The loan will be accompanied by a grant of \$700,000. The District will use the proceeds of the loan and grant to complete the water supply improvements described in the USDA Letter of Conditions dated December 27, 2016.

The District is party to revolving fund loan agreements with the State in maximum loan amounts of \$1,696,612 (2016), \$239,388 (2017) and \$200,765 (2018). Pursuant to Section 7(m) of the Revolving Fund Loan Agreements for Utility Districts entered into among TDEC, the Tennessee Local Development Authority and the District, the District is required to seek prior approval of the Authority before issuing additional debt payable from the revenues of the system.

On the District's behalf, I am asking that the Tennessee Local Development Authority consider approving the proposed USDA loan at its next meeting. I note that the loan is proposed to be secured on a subordinate basis to the State's revolving fund loans. To that end, I am enclosing copies of:

- Proposed bond resolution
- Financing commitment from Rural Development

The District's most recent audited financial statements (through FYE February 28, 2019) are posted to the Comptroller's repository website.

I am also enclosing a chart detailing the District's annual debt service requirements from 2020 through 2022. Please note the attached chart assumes that the SRF and USDA loans have been fully drawn and are fully amortizing.

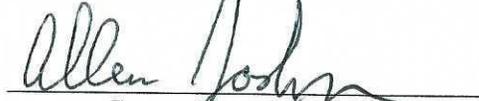
The District expects its 2020 through 2022 fiscal year results to be consistent with its 2019 results. Based on the foregoing, the District's FY2019 net revenues will cover future debt service requirements by more than 120% in each of the 2020-2022 fiscal years.

I am happy to answer any questions you may have and, if necessary, to attend the Funding Board meeting. You may also contact of bond counsel, Jeff Oldham at Bass, Berry & Sims, with any questions. Please let me know when the approval will be considered.

Thanks for your help.

Yours truly,

BIG CREEK UTILITY DISTRICT

  
General Manager

ndj

Attachments

cc: Jeffrey Oldham, Bass, Berry & Sims (via e-mail – [joldham@bassberry.com](mailto:joldham@bassberry.com))

28199906.1

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF UP TO \$2,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS OF BIG CREEK UTILITY DISTRICT OF GRUNDY COUNTY, TENNESSEE AND MAKING PROVISION FOR THE OPERATION OF THE DISTRICT AND THE COLLECTION AND DISPOSITION OF ITS REVENUES.

BE IT RESOLVED by the Board of Commissioners of Big Creek Utility District of Grundy County, Tennessee, as follows:

1. Authority; Findings.

- a. Big Creek Utility District of Grundy County, Tennessee (the "District") is duly incorporated pursuant to Section 7-82-101 et seq., Tennessee Code Annotated (the "Act").
- b. The District owns and operates a water system (the "System").
- c. Section 7-82-501 of the Act authorizes the District to issue bonds and use the proceeds to finance capital improvements to the System.
- d. The Board of Commissioners of the District finds that it is advisable to finance certain improvements and extensions to the System.
- e. The United States Department of Agriculture, acting through Rural Development ("Rural Development") has issued to the District its Letter of Conditions dated February 27, 2016 (the "Letter of Conditions"), in which it has agreed to purchase bonds on terms and conditions favorable to the District and its customers.

2. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- a. "Act" shall have the meaning ascribed in Section 1.
- b. "Balloon Indebtedness" shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.
- c. "Bonds" means the Rural Development Bonds and any Parity Bonds.
- d. "Chairman" means the duly elected and acting Chairman of the Governing Body, or any other member of the Governing Body acting in the capacity of Chairman when the elected and acting Chairman is unavailable or incapable of acting.
- e. "Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder.
- f. "Construction Fund" means the Rural Development Construction Fund established herein.

- g. “Credit Facility” means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the District provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.
- h. “Current Expenses” means expenses incurred by the District in the operation of the System, determined in accordance with generally accepted accounting principles; provided however that depreciation, amortization and interest on any bonds, notes or other obligations of the District shall be excluded from the definition of Current Expenses.
- i. “Debt Service Requirement” means the total principal, Maturity Amounts and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the District or any paying agent for the Bonds or other obligations of the District), for any period of 12 consecutive calendar months for which such a determination is made, provided:

  - (a) The Debt Service requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the District, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Advisor.
  - (b) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short Term Indebtedness, at the option of the District, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Advisor to be the interest rate at which the District could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph (b) shall not be applicable for purposes of determining the District's Debt Service Requirement for purposes of Section 11(f) of this resolution (Rate Covenant) unless the District has set aside sufficient funds or otherwise made arrangements

for the retirement of at least 90% of the principal amount of such Balloon Indebtedness or Short Term Indebtedness coming due in the relevant Fiscal Year.

- j. “Defeasance Obligations” shall mean any obligations which at the time of the purchase thereof are permitted investments under the Act or other applicable State law for the purpose of defeasing Bonds.
- k. “District” shall have the meaning ascribed in Section 1.
- l. “Financial Advisor” means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the District for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the District, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Advisor has been retained.
- m. “Financial Guaranty Agreement” shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.
- n. “Fiscal Year” means the fiscal year adopted by the District from time to time.
- o. “Governing Body” means the Board of Commissioners of the District.
- p. “Gross Earnings” means all revenues, rentals, earnings and income of the District from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System and all amounts realized from the investment of funds of the System (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the District).
- q. “Letter of Conditions” shall have the meaning ascribed in Section 1.
- r. “Loan Agreement” shall mean any agreement or contract entered into by the District whereby a third party agrees to advance funds to the District and the District agrees to repay those funds with interest.
- s. “Maximum Annual Debt Service Requirement” means the maximum annual Debt Service Requirement for any Fiscal Year of the District.
- t. “Net Revenues” shall mean Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, less Current Expenses.
- u. “Notes” shall mean the bond anticipation notes authorized to be issued pursuant to the terms of Section 6 hereof.
- v. “Parity Bonds” means bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short Term Indebtedness and Variable Rate

Indebtedness, issued or entered into by the District on a parity with the Rural Development Bonds herein authorized in accordance with the restrictive provisions hereof.

- w. “Prior Bond Resolution(s)” means the resolution(s) authorizing the Prior Lien Obligations.
- x. “Prior Lien Obligations” means the District’s outstanding Waterworks Revenue Bond, Series 2003, dated February 15, 2005; Waterworks Revenue Refunding Bond, Series 2014, dated April 23, 2014; State Revolving Loan, dated June 20, 2016; State Revolving Loan, dated November 10, 2017; and State Revolving Loan, dated September 26, 2018.
- y. “Projects” shall mean the capital improvements to the System contemplated by the Letter of Conditions, and all capital costs related thereto.
- z. “Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.
- aa. “Rating Agencies” or “Rating Agency” means Fitch, Moody’s, and Standard & Poor’s or any successors thereto and any other nationally recognized credit rating agency.
- bb. “Reserve Fund” shall mean the Debt Service Reserve Fund established herein.
- cc. “Reserve Fund Credit Facility” means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility Issuer which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Sinking Fund to pay when due principal of and interest on all or a portion of the Bonds.
- dd. “Reserve Fund Credit Facility Issuer” means the issuer of a Reserve Fund Credit Facility satisfying the rating qualifications specified by the supplemental resolution authorizing the Bonds to be secured by the applicable Reserve Fund Credit Facility with respect to the series of Bonds with respect to which such rating qualifications are not otherwise specified. The issuer of a Reserve Fund Credit Facility shall be rated, at the time at which such Reserve Fund Credit Facility is purchased, in not less than the second-highest rating category (without regard to gradations within such category) by each Rating Agency that rates such Reserve Fund Credit Facility Issuer and which also rates any Bonds secured by such Reserve Fund Credit Facility.
- ee. “Reserve Fund Requirement” means an amount determined from time to time by the District as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant to the resolution authorizing such Bonds. With respect to the Rural Development Bonds authorized herein, the Reserve Fund Requirement shall equal the annual debt service requirement on the Rural Development Bonds; provided that such Requirement shall begin at zero and increase on each anniversary date of the issuance of the Rural Development Bonds in an amount equal to 10% of the annual debt service requirement on the Rural Development Bonds until an amount equal to one year’s debt service on the Rural Development Bonds has been accumulated.
- ff. “Revenue Fund” shall mean the Revenue Fund established herein.

- gg. “Rural Development” shall have the meaning ascribed in Section 1.
- hh. “Rural Development Bonds” means not to exceed \$2,600,000 in aggregate principal amount of revenue bonds authorized to be issued by this Resolution.
- ii. “Secretary” means the duly elected and acting Secretary of the Governing Body, or any other member of the Governing Body acting in the capacity of Secretary when the elected and acting Secretary is unavailable or incapable of acting.
- jj. “Short Term Indebtedness” means bonds, notes, Loan Agreements or other debt obligations maturing five years or less from their date of issuance, issued by the District as Parity Bonds pursuant to the terms hereof.
- kk. “Sinking Fund” shall mean the Principal and Interest Sinking Fund established herein.
- ll. “State” means the State of Tennessee.
- mm. “Subordinate Lien Bonds” means bonds, notes, Loan Agreement or other debt obligations issued pursuant to this Resolution but with a lien subordinate to the Bonds.
- nn. “System” shall have the meaning ascribed in Section 1, and shall include all facilities hereafter acquired, constructed or otherwise established, together with and including all properties of every nature hereafter owned by the District, including all improvements and extensions made by the District while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles.
- oo. “Variable Rate Indebtedness” means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

3. Authorization and Terms of the Rural Development Bonds.

- a. General Terms. The Governing Body hereby authorizes the issuance of revenue bonds of the District in an aggregate principal amount up to \$2,600,000 (the “Rural Development Bonds”). The Rural Development Bonds may be issued as a single bond or in multiple emissions. The Rural Development Bonds shall be issued to Rural Development in exchange for the payment of a price equal to 100% of the par amount thereof.
  - 1) The Rural Development Bonds shall be issued to:
    - a) finance the costs of the Projects;
    - b) retire the principal of and, with the consent of Rural Development, interest on the Notes; and
    - c) pay costs of issuing the Rural Development Bonds.

- 2) Each Rural Development Bond shall be known as a “Waterworks Revenue Bonds“ or such other name as may be selected by the Chairman. A series designation indicating the year of issuance and such other distinctions as may be directed by the Chairman shall be added to the name of each Rural Development Bond.
  - 3) Each Rural Development Bond shall be dated the date of its delivery.
  - 4) Each Rural Development Bond shall bear interest at a rate not to exceed 1.875% per annum and shall be payable in not more than 480 equal monthly installments of principal and interest in an amount sufficient to fully amortize the Rural Development Bond over the period of such installments. The annual principal and interest payment on the Rural Development Bonds at the maximum term, par amount and interest rate is \$81,972. The first installment of debt service on each Rural Development Bond shall be due and payable one month following the date of its issuance, but in no event later than the 28<sup>th</sup> day of the month of such first payment, and all subsequent installments shall be due and payable on the same day of each month thereafter. In all events the final installment shall be in the amount of the entire unpaid balance of principal and interest on the Rural Development Bond. All payments of principal and interest on each Rural Development Bond shall be made directly to the registered owner thereof at its address shown on the bond registration records of the District, without, except for final payment, the presentation or surrender of such Rural Development Bond, and all such payments shall discharge the obligation of the District in respect of such Rural Development Bond to the extent of the payments so made. The records of the owner of each Rural Development Bond shall be conclusively presumed to be correct with respect to amounts of payments made and outstanding principal balance. Upon final payment, each Rural Development Bond shall be submitted to the Secretary of the Board of Commissioners of the District, as bond registrar, for cancellation.
- b. The District shall have the right, at its option, to prepay each Rural Development Bond or any installment thereof, in whole or in part, at any time, without penalty. Any partial prepayment shall be applied to the installments last to become due under the Rural Development Bond and shall not affect the obligation of the District to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner of the Rural Development Bond not less than thirty (30) days prior to the date of prepayment unless waived by the registered owner.
  - c. The District hereby appoints the Secretary of the District to act on behalf of the District as registrar and paying agent for the Rural Development Bonds. Each Rural Development Bond is transferable by the registered owner thereof, or by its attorney duly authorized in writing, on the registration books of the District, upon presentation of the Rural Development Bond to the registrar for transfer with the form of assignment attached thereto completed in full and signed with the name of the registered owner. All transferees shall take the Rural Development Bond subject to such condition. The District may treat the registered owner as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary whether or not any payments due on the Rural Development Bond shall be overdue. The registrar is hereby authorized to authenticate and deliver each Rural Development Bond to Rural Development, upon receipt by the District of the proceeds of the sale thereof and to authenticate and deliver

Rural Development Bonds in exchange for Rural Development Bonds of the same principal amount delivered for transfer upon receipt of the Rural Development Bonds to be transferred in proper form with proper documentation as hereinabove described. The Rural Development Bonds shall not be valid for any purpose unless authenticated by the registrar by the manual signature thereof on the certificate set forth herein on the Rural Development Bond form.

- d. The Rural Development Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf of the District, by the Chairman and attested by the Secretary.
4. Form of Rural Development Bonds. The Rural Development Bonds shall be in substantially the form attached hereto as Exhibit A. The form of the Rural Development Bond set forth in Exhibit A hereto shall be conformed to reflect any changes authorized herein.
  5. Source of and Security for Payment.
    - a. The Rural Development Bonds shall be payable solely from and secured by a pledge of the Net Revenues subject to a prior lien of such Net Revenues in favor of the Prior Lien Obligations. The punctual payment of principal of and premium, if any, and interest on the Rural Development Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Rural Development Bonds do not constitute a debt of the State, or any political subdivision thereof, or municipal corporation therein, other than the District, and no holder of the Rural Development Bonds shall have recourse to the taxing power of any such entities.
    - b. For the further protection of the registered owners of the Rural Development Bonds, a statutory lien in the nature of a mortgage lien upon the System is granted and created by the Act, subject to a prior statutory mortgage lien in favor of the Prior Lien Obligations, which said statutory mortgage lien is hereby recognized as valid and binding upon the District and to be a lien upon the System and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal and interest on the Rural Development Bonds.
  6. Authorization of Notes.
    - a. The Governing Body hereby authorizes the issuance of one or more revenue bond anticipation notes in the maximum aggregate principal amount equal to the maximum principal amount of the Rural Development Bonds (the "Notes"). The proceeds of the Notes shall also be used to pay Project costs, legal, fiscal and engineering costs incident thereto, bond issuance costs and, with the consent of Rural Development, interest during construction of the Project and for six (6) months thereafter. Any Note proceeds not immediately applied to the purposes described in the preceding sentence shall be deposited to the Construction Fund and applied as all other funds held therein. Each Note shall be in the form of a fully registered note, without coupons, shall be known as Waterworks Revenue Bonds Anticipation Note, together with a series designation further identifying the Note, as selected by the Chairman, and shall be dated as of the date of its delivery.

- b. Each Note shall mature not later than three years from its issuance, shall bear interest at a rate not to exceed the maximum rate permitted by applicable law, payable at such time as the Chairman shall designate, and shall be subject to prepayment upon such terms as the Chairman shall designate.
- c. The Chairman shall select the purchaser(s) of the Notes and cause the Notes to be sold to such purchaser(s) at a price of par. In connection therewith, the Chairman is authorized to establish the remaining terms of the Notes, without further action by the Governing Body. The Chairman and Secretary of the District are authorized to execute and deliver the Notes, to execute such certificates and documents and to take such other actions as they shall deem necessary to further evidence the District's obligations under the Notes. The Notes may also be issued to Rural Development, upon the terms otherwise provided herein, in which case the Notes shall also bear the designation of "Interim Certificates of Indebtedness". The purchase price paid by Rural Development for the Rural Development Bonds shall be reduced by the outstanding principal amount of and, with Rural Development's consent, interest on Interim Certificates held by it, and such Interim Certificates shall be delivered by Rural Development to the District at the time of delivery of the Rural Development Bonds.
- d. The Notes shall be payable primarily from the proceeds of the Rural Development Bonds. The Notes are additionally payable from and secured by a pledge of the Net Revenues of the System in fully the same manner and priority as described in Section 5 hereof for the Rural Development Bonds.
- e. Pursuant to the Act, the approval of the Comptroller's office is not required for the issuance of the Notes because the Rural Development Bonds will be issued to a federal agency.

7. Application of Proceeds of Rural Development Bonds and Other District Funds.

- a. The proceeds from the sale of the Rural Development Bonds shall be immediately applied, together with any amounts described in subsection (b) below, in the following order:
  - 1) To the retirement of any outstanding Notes; and
  - 2) For deposit to a separate and segregated fund to be known as the "Rural Development Construction Fund", and for further application solely to the costs of the Projects (by payment to third parties or reimbursement of the District for prior payments) and costs of issuance of the Rural Development Bonds. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in the Construction Fund. Moneys in the Construction Fund shall be invested as directed by an authorized representative of the District in such investments as shall be permitted by State law. All income derived from such investments shall be retained in the Construction Fund. Any funds remaining in the Construction Fund after completion of the Projects and payment of authorized expenses shall be paid to Rural Development in prepayment of the Rural Development Bonds.

- b. Upon the issuance of the Rural Development Bonds, the District shall apply District to the payment of any accrued interest on the Notes that cannot, under the terms of the Letter of Conditions, be paid with the proceeds of the Rural Development Bonds.
8. Federal Tax Matters Related to the Rural Development Bonds.
- a. The Rural Development Bonds will be issued, and the Notes may be issued, as federally tax-exempt debt obligations. The District hereby covenants that it will not use, or permit the use of, any proceeds of the Rural Development Bonds or Notes (if applicable) in a manner that would cause the Rural Development Bonds or the Notes to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an “arbitrage bond”. To that end, the District shall comply with applicable regulations adopted under said Section 148. The District further covenants with the registered owners from time to time of the Rural Development Bonds and Notes (if applicable) that it will, throughout the term of the Notes and the Rural Development Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Notes (if applicable) and the Rural Development Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.
  - b. It is reasonably expected that the District will reimburse itself for certain expenditures made by it in connection with the Project by issuing the Notes or the Rural Development Bonds. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.
  - c. The Governing Body hereby delegates to the Chairman the authority to designate (and to determine whether to designate) the Notes as “qualified tax-exempt obligations,” as defined in Section 265 of the Code, to the extent the Notes may be designated as such.
  - d. The Chairman is authorized and directed, on behalf of the District, to execute and deliver all such certificates and documents that may be required of the District in order to comply with the provisions of this Section related to the issuance of the Notes (if applicable) and the Rural Development Bonds.
9. Prohibition of Prior Lien; Parity Bonds; Subordinate Lien Bonds. The District will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Rural Development Bonds, including debt obligations issued on parity with the Prior Lien Obligations. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on parity with the Rural Development Bonds under the following conditions but not otherwise:
- a. Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) of a series of the Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such Bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:

- 1) the District shall have demonstrated that the refunding will reduce the total debt service payments on the Bonds, as applicable; and
  - 2) the requirements of subsections (b)(2) and (4) below are met with respect to such refunding.
- b. Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with outstanding Bonds, and the Parity Bonds so issued shall be secured on a parity with such outstanding Bonds, if all of the following conditions are satisfied:
- 1) There shall have been procured and filed with the District a report by a Financial Advisor or a certificate by the General Manager of the District, or his or her designee, to the effect that the historical Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of Maximum Annual Debt Service Requirement on all Bonds and Prior Lien Obligations which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used.
  - 2) The District shall have received, at or before issuance of the Parity Bonds, a report from a Financial Advisor or a certificate of the General Manager of the District, or his or her designee, to the effect that (x) the payments required to be made into the Sinking Fund have been made and the balance in the Sinking Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the extent required under the resolutions authorizing Bonds with a Reserve Fund Requirement, if any, and any Reserve Fund Requirement applicable to Parity Bonds will be funded to the extent required under the applicable resolution immediately following the issuance of the proposed Parity Bonds.
  - 3) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of nationally recognized bond counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.
  - 4) The Secretary shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds, that the District is in compliance with all requirements of this Resolution.

- c. All the provisions and covenants of this Resolution relating to the creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this Resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued pursuant to the terms of this Section in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.
- d. Notwithstanding anything herein to the contrary, each series of Parity Bonds may be issued with or without a Reserve Fund Requirement, may require cash funding of the Reserve Fund, if any, and may provide for the funding of the Reserve Fund, if any, over such period of time as is acceptable to the purchaser of such Parity Bonds, all as specified in the resolution authorizing such Parity Bonds. Any such Parity Bonds shall be secured only by the Reserve Fund specified in the resolution authorizing such series of Parity Bonds and shall have no right to receive any payment from the Reserve Fund established for the Rural Development Bonds or any other series of bonds, whether such additional bonds are issued as Parity Bonds or Subordinate Lien Bonds.
- e. In addition to Parity Bonds issued in accordance with the foregoing, the District may issue Subordinate Lien Bonds, subject to the terms of this Resolution or otherwise, provided that the security for such Subordinate Lien Bonds shall be subject in all respects to the lien in favor of the Bonds.
- f. The punctual payment of principal of, premium, if any, and interest on the Rural Development Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues, without priority by reason of number or time of sale or execution or delivery. Parity Bonds shall benefit on an equal and parity basis from the statutory mortgage lien on the System established in favor of the Rural Development Bonds.

10. Funds, Accounts and Subaccounts; Application of Revenues.

- a. The following funds, accounts and subaccounts are hereby established, and the money deposited in such funds, accounts and subaccounts shall be held in trust for the purposes set forth in this Resolution:
  - 1) System Revenue Fund (the “Revenue Fund”) to be held by the District;
  - 2) Principal and Interest Sinking Fund (the “Sinking Fund”) to be held by the District;
  - 3) Debt Service Reserve Fund (the “Reserve Fund”), with an account for each series of Bonds which has a Reserve Fund Requirement; provided an account therein may be utilized for more than one series of Bonds if all such series of Bonds are specified in the resolution(s) authorizing such Bonds to share a pledge of such account and have a combined Reserve Fund Requirement. Nothing herein shall prohibit the District from issuing one or more series of Bonds without a Reserve Fund Requirement and no deposit to the Reserve Fund and no Reserve Fund Credit Facility shall be required in connection therewith.

- b. From and after the delivery of any of the Rural Development Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the District to the Revenue Fund hereby established (the "Revenue Fund"), administered and controlled by the District; provided that the Gross Earnings shall first be first applied as required by the resolutions authorizing any Prior Lien Obligations. The funds so deposited in the Revenue Fund created under this Resolution shall be used only as follows:
- 1) The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.
  - 2) The money thereafter remaining in the Revenue Fund shall next be used to make deposits into the Sinking Fund and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to the defeasance provisions of this Resolution, beginning in the month next following delivery of the Rural Development Bonds. Each monthly deposit as to interest for such Bonds shall be an equal to not less than one-sixth ( $1/6^{\text{th}}$ ) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts; provided that proportionately greater monthly amounts shall be deposited to account for any initial period of less than six months following the issuance of Bonds. Each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth ( $1/12^{\text{th}}$ ) of the principal amount and/or Maturity Amount coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts; provided that proportionately greater monthly amounts shall be deposited to account for any initial period of less than 12 months following the issuance of Bonds. No further deposit shall be required as to any Bonds when the Sinking Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date and the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, (A) no deposit to the Sinking Fund shall be required with respect to the Rural Development Bonds, and (B) deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the District as provided in the resolution authorizing the issuance of such Bonds. Money in the Sinking Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the related series of Bonds.
  - 3) The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve

Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

- 4) To the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the District, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Sinking Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, satisfy the contractual obligations set forth in the Prior Bond Resolutions, be transferred into the Sinking Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Sinking Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the District for legally permissible purposes.

At the option of the District, the District may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the District for legally permissible purposes. At any time during the term hereof, the District shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of Section 12 hereof with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the District shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or

Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect. Notwithstanding anything herein to the contrary, the District shall have no right to satisfy any portion of the Reserve Fund Requirement for the Rural Development Bonds with a Reserve Fund Credit Facility.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the District, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the District, from Revenues after payment of Current Expenses, satisfaction of the contractual obligations set forth in the Prior Bond Resolutions and required deposits to the Sinking Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms hereof, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the District shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this Resolution other than remedies that would adversely affect owners of Bonds.

The District shall cause the registration agent for each series of Bonds for which a Reserve Fund Credit Facility has been provided to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the registration agent and the appointment of a successor thereto.

Notwithstanding anything herein to the contrary, the District may issue Parity Bonds without a Reserve Fund Requirement, as shall be specified in the bond resolution authorizing such Parity Bonds.

- 5) The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any Subordinate Lien Bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the District for any legally permissible purpose, as the Governing Body shall determine.
  - c. Money on deposit in the Funds described in this Section may be invested by the District in such investments as shall be permitted by applicable law, as determined by an authorized representative of the District, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature more than two years from the date the money is so invested. The District is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.
  - d. The Revenue Fund, the Sinking Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by the District and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.
11. Covenants Regarding the Operation of the System. The District hereby covenants and agrees with the owners of the Bonds so long as any of the Bonds shall remain outstanding:
- a. The District shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost and conduct all activities associated therewith or incident thereto.
  - b. While the Rural Development Bonds remain outstanding and unpaid and Rural Development remains the registered owner thereof:
    - 1) the District covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever, and the charges for all services of the System to the District and its residents and to all consumers shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining and operating the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on the Bond payable from such revenues, and there shall be charged against all users of said services such rates and amounts as shall be fully adequate to meet the requirements of this resolution; and
    - 2) the District further covenants that the System shall be operated on a fully metered basis and that the District will bill its customers on a monthly basis and will discontinue service to any customer whose bill remains unpaid sixty (60) days

following the mailing of such bill, until such bill and penalties shall have been paid in full.

- c. The District shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the District shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.
- d. The District will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds the balance sheet and the profit and loss statement of the District as certified by such accountant or accountants. Each such audit, in addition to whatever matters may be thought proper by the accountant or accountants to be included therein, shall include the following:
  - 1) A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;
  - 2) A statement showing beginning and ending balances of each Fund described herein;
  - 3) A balance sheet as of the end of the Fiscal Year;
  - 4) The accountant's comments regarding the manner in which the District has carried out the requirements of this Resolution and the accountant's recommendations with respect to any change or improvement in the operation of the System;
  - 5) A list of insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy;
  - 6) The number and classifications of customer service connections to the System as of the end of the Fiscal Year;
  - 7) The disposition of any Bond proceeds during the Fiscal Year;
  - 8) A statement as to all breaches or defaults hereunder by the District of which the accountant or accountants have knowledge or, in the alternative, a statement that they have no knowledge of any such breach or default.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The District further agrees to cause copies of such audits to be furnished to the registered owner of any of the Bonds, at the written request thereof, within 180 days after the close of each Fiscal Year. The registered owner of any of the Bonds shall have at all reasonable times the right to inspect the System and

the records, accounts and data of the District relating thereto. If the District fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Bonds may cause such audits and reports to be prepared at the expense of the District. Notwithstanding the foregoing, so long as the Rural Development Bonds are outstanding and Rural Development remains the registered owner thereof: (A) the District shall provide Rural Development with copies of the audits described above within 150 days following the end of each Fiscal Year; (B) Rural Development shall have at all reasonable times the right to inspect the System and the records, accounts and data of the District relating thereto; and (C) if the District fails to provide the audits and reports required by this subsection, Rural Development may cause such audits and reports to be prepared at the expense of the District.

- e. The District will faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State, including the making and collecting of reasonable and sufficient rates for services rendered by the System, and will apply the revenues of the System to the purposes and Funds specified in this Resolution.
- f. The District shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:
  - 1) for 100% of the Current Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the District; and
  - 2) such that Net Revenues in each Fiscal Year:
    - a) will equal at least 100% of the Debt Service Requirement on all Bonds and Prior Lien Obligations, and 100% of the debt service requirement on any Subordinate Lien Bonds or other obligations then outstanding for such Fiscal Year; provided that the District may calculate the debt service requirement on Subordinate Lien Bonds in the manner prescribed for the Bonds in the definition of “Debt Service Requirement”;
    - b) will enable the District to make all required payments, if any, into the Reserve Fund and on any Credit Facility Agreement;
    - c) will enable the District to accumulate an amount, which, in the judgment of the District, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and
    - d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this Resolution from prior Fiscal Years.
- g. The District will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or

any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or any of the System facilities sold at fair market value, provided that:

- 1) The District is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;
- 2) Any sale proceeds will be applied either (A) to redemption of Bonds or Prior Lien Obligations in accordance with the provisions governing the repayment thereof in advance of maturity, or (B) to the purchase of Bonds or Prior Lien Obligations at the market price thereof so long as such price does not exceed the amount at which they could be redeemed on such date or the next optional redemption date as set forth herein or in their authorizing resolutions, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;
- 3) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System and the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and
- 4) The District shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or, at such time as Rural Development is no longer the registered owner of the Rural Development Bonds, to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the District is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

- h. Prior to the beginning of each Fiscal Year, the Governing Body shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Current Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in subsection (f) above, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to Rural Development, so long as it remains the registered owner of the Rural Development Bonds, and upon written request to any other registered owner of a Bond. The District covenants that Current Expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that the District will not expend any amounts or incur any obligations

therefor in excess of the amounts provided for Current Expenses and capital expenditures in the budget except upon resolution of the Governing Body.

- i. So long as the Rural Development Bonds remain outstanding, each officer of the District or person other than banks or other financial institutions having custody of funds of the System shall be under fidelity bond coverage at all times in such amount as may be required by state law and by the holder of the Rural Development Bonds.
  - j. The District will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently served by the District by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided that, at such time as Rural Development is no longer the registered owner of the Rural Development Bonds, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the District is in full compliance with the covenants set forth herein immediately following such transfer or exchange.
12. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the District and the registered owners of the Bonds, and after the issuance of the Rural Development Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as expressly provided herein, until such time as the Bonds shall have been paid in full or discharged pursuant to the defeasance sections hereof.
13. Remedies of Bond Owners. Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the District by the provisions of this Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof. If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the District with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of this Resolution.
14. Discharge and Satisfaction of Bonds. If the District shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:
- a. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;
  - b. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date

(provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

c. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the District shall also pay or cause to be paid all other sums payable hereunder by the District with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the District to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the District shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations or moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the District as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by the Registration Agent.

Notwithstanding the foregoing, so long as Rural Development is the registered owner of the Rural Development Bonds, the District shall not issue any bonds or other debt obligations for the purpose of defeasing or discharging the lien in favor of the Rural Development Bonds without immediately prepaying the Rural Development Bonds.

Notwithstanding the foregoing, the District may restrict its right to discharge and satisfy prior to maturity any series of Parity Bonds as may be set forth in the resolution authorizing such series of Parity Bonds.

15. Modification of Resolution.

a. This Resolution may be amended without the consent of or notice to the registered owners of the Bonds (a) for the purpose of curing any ambiguity or formal defect or omission herein or (b) for any other purpose which, in the opinion of nationally recognized bond counsel, does not adversely affect the holders of any then outstanding Bonds; provided that, in evaluating the impact of any amendment, the existence of any Credit Facility shall be disregarded.

- b. In addition to the amendments to this Resolution without the consent of registered owners as referred to in subsection (a) above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the District but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the District) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:
- 1) Make any change in the maturities or redemption dates of the Bonds;
  - 2) Make any change in the rates of interest borne by the Bonds;
  - 3) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
  - 4) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
  - 5) Affect the rights of the registered owners of less than all of the Bonds then outstanding;
  - 6) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.
- c. Whenever the District shall propose to amend or modify this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the District for public inspection.
- d. Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the District may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.
- e. If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or

to the operation thereof or to enjoin or restrain the District from taking any action pursuant to the provisions thereof.

- f. Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the District office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.
  - g. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.
  - h. The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.
  - i. Notwithstanding the foregoing to the contrary, except as set forth in subsection (a) above, so long as Rural Development is the registered owner of the Rural Development Bonds and the Rural Development Bonds remain outstanding, no amendment of this resolution affecting the Rural Development Bonds shall be effective without the written consent of Rural Development.
16. Engagement of Bond Counsel. The President and/or the General Manager are authorized to enter into an engagement letter with Bass, Berry & Sims PLC, as bond counsel to the District in connection with the issuance of the Rural Development Bonds, and all actions heretofore taken to engage bond counsel are hereby ratified and approved.
17. Compliance with Debt Management Policy. The Governing Body hereby finds that the issuance of the Rural Development Bonds is consistent with the terms of the District's debt management policy.
18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption.
19. Separability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

EXHIBIT A

(Form of Rural Development Bond)

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF GRUNDY  
BIG CREEK UTILITY DISTRICT OF GRUNDY COUNTY, TENNESSEE  
WATERWORKS REVENUE BONDS, SERIES \_\_\_\_

R-1

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

KNOW ALL MEN BY THESE PRESENTS: That Big Creek Utility District of Grundy County, Tennessee (the "District"), a public corporation lawfully organized and existing under Section 7-82-101 et seq., Tennessee Code Annotated (the "Act"), for value received hereby promises to pay to the registered owner hereof, or its registered assigns, in the manner and from the revenues hereinafter provided, the sum of \$\_\_\_\_\_, with interest on the unpaid balance hereof at the rate of \_\_\_\_\_ (\_\_\_\_%) per annum from the date hereof until the principal amount hereof shall have been fully paid. This Bond is payable in \_\_\_\_\_ consecutive monthly installments of principal and interest in the amount of \$ \_\_\_\_\_ each. The first installment payment shall be due and payable on \_\_\_\_\_, and all subsequent installments shall be due and payable on the same day of each month thereafter. In all events, the final installment shall be in the amount of the entire unpaid balance of principal and interest on the Bond. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on the bond registration records of the District, and such payments shall discharge the obligation of the issuer hereof to the extent of the payments so made. Upon final payment, this Bond shall be submitted to the Secretary of the Board of Commissioners of the District, as Bond registrar for cancellation.

Prepayment of scheduled installments, or any portion thereof, may be made at any time at the option of the District. Any partial prepayment shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of the District to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner hereof not less than thirty (30) days prior to the date of prepayment, unless waived by the registered owner.

This Bond shall be transferable by the registered owner hereof, or by its attorney, duly authorized in writing, on the registration records of the District at the office of the Secretary of the Board of Commissioners of the District upon presentation of the Bond to the registrar for transfer with the form of assignment attached hereto completed in full and signed with the name of the registered owner. All transferees shall take this Bond subject to such condition. The District may treat the registered owner as the absolute owner hereof for all purposes, and shall not be affected by any notice to the contrary whether or not any payments due on this Bond shall be overdue.

This Bond is issued by the District for the purpose of paying part of the cost of constructing water system improvements and extensions for the District under and in full compliance with the constitution and statutes of the State of Tennessee, including the Act, and pursuant to a resolution duly adopted by the Board of Commissioners of said District on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Resolution").

This Bond is payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the water system of the District (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System and to prior pledges of such revenues in favor of the District's outstanding Waterworks Revenue Bond, Series 2003, dated February 15, 2005; Waterworks Revenue Refunding Bond, Series 2014, dated April 23, 2014; State Revolving Loan, dated June 20, 2016; State Revolving Loan, dated November 10, 2017; and State Revolving Loan, dated September 26, 2018. The revenues are required by law and by the proceedings pursuant to which this Bond is issued to be fully sufficient to pay the cost of operating, maintaining, repairing and insuring said System, including reserves therefor, and to pay principal of and interest on this Bond promptly as each becomes due and payable. The District has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by said System and for the use of water furnished by said System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond as each becomes due. This Bond and the interest hereon are payable solely from the revenues so pledged to the payment hereof, and this Bond does not constitute a debt of the District within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the above described resolution may be modified, reference is hereby made to the Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a general partnership or sole proprietorship, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a general partnership or sole proprietorship, doing business in the State of Tennessee.

A statutory mortgage lien which is hereby recognized as valid and binding is created and granted by statute on said water system in favor of the owner or owners of this Bond and said System shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond.

It is hereby certified, recited, and declared that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this Bond exist, have happened, and have been performed in due time, form, and manner as required by law, and that the amount of this Bond does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, Big Creek Utility District of Grundy County, Tennessee has caused this Bond to be signed by the Chairman of its Board of Commissioners and attested by the Secretary of said Board under the corporate seal of the District, all as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

COUNTY, TENNESSEE

BIG CREEK UTILITY DISTRICT OF GRUNDY

By: [no signature – form only]  
Chairman

(SEAL)

ATTEST:

[no signature – form only]  
Secretary

(Form of Assignment)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_ the within Bond of Big Creek Utility District of Grundy County, Tennessee, and does hereby irrevocably appoint \_\_\_\_\_ attorney to transfer the said Bond on the books of the Secretary of the Board of Commissioners of Big Creek Utility District of Grundy County, Tennessee, as Bond Registrar, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

WITNESS:

\_\_\_\_\_



JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Deputy Comptroller

**April 1, 2020**  
**Water Authority of Dickson County**  
**Request for TLDA Approval of Additional Debt Issuance**

The Water Authority of Dickson County (the "Authority") is requesting approval from the Tennessee Local Development Authority (the "TLDA") to issue promissory notes (the "Notes") in an amount not to exceed \$260,000 subordinate to its State Revolving Fund (SRF) loan agreements. Request for approval is required by provisions set forth in the State Revolving Fund (SRF) loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

**1. The requestor is a:**

- Utility District or Water/Wastewater Authority planning to issue notes, as unsecured debt, payable from its revenues
  - Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)?  Yes  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 revenue bonds on parity with its outstanding SRF loan(s).
- The borrower is requesting to subordinate its outstanding SRF debt to the proposed 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
- New Money

Authority proposes to issue the Notes to provide funding for the following purposes:

- To reimburse itself for the February 27, 2020, purchase of a 2020 Freightliner truck, (the "2020 Freightliner"), which it purchased on that date for the sum of \$95,426.00.
- To reimburse itself for the purchase of a 2021 Freightliner truck (the "2021 Freightliner") for the sum of \$162,374.00.
- To pay the costs of consummating the loans evidenced by the Notes.

**4. Description and Additional Information:**

The Authority has obtained a loan commitment from the Bank of Dickson to lend the funds, on an unsecured basis, to be repaid over the course of 60 months with a level debt service structure, at 1.99% per annum interest. The Authority plans to acquire two dump trucks with cash on hand (since it does not anticipate that the TLDA approval process will be completed in time) in order to preserve the price quote received, and will reimburse itself from the loan proceeds as permitted by applicable provisions of the Revenue Code and Treasury Regulations. The Resolution 2020-03, that authorizes the loans, also contains the statement of intent to reimburse contemplated by 26 C.F.R. §1.150-2.

The 2020 Freightliner is a two-axle dump truck purchased for use in the Authority's general operations. The 2021 Freightliner is a three-axle dump truck to be used to haul treated sludge from the Authority's wastewater treatment plants to a landfill disposal site in Benton County, Tennessee. During 2019, the Authority spent \$94,600 in payments to third-party haulers of sludge to the Benton County site. After allowing for operating and maintenance expenses and increased payroll expenses associated with utilizing organic resources for hauling, the Authority expects within three years to have more than recovered the cost of the 2021 Freightliner from saved third-party expenses.

**5. The debt rating of the borrower is:**

Please indicate N/R if not rated.

- N/R Moody's
- AA Standard and Poor's (Series 2019 Refunding Bonds)
- N/R Fitch

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

<b>Borrower</b>	Water Authority of Dickson County						
<b>Date</b>	3/23/2020						
<b>Loan Type</b>	<b>Loan #</b>	<b>Status</b>	<b>Disbursements</b>	<b>Available to Draw</b>	<b>% Principal Forgiveness</b>	<b>Edison Balance @3/23/2020</b>	<b>MADS*</b>
Sewer	SRF 00-150	Repayment	414,156.00	-	-	115,365.00	27,444.00
Sewer	SRF 06-194	Repayment	258,981.00	-	-	140,129.00	15,228.00
Sewer	CWA 09-247	Repayment	2,400,000.00	-	40%	827,613.60	83,460.00
Sewer	CW0 12-295	Repayment	7,594,440.00	-	20%	6,188,941.00	424,392.00
Sewer	CG5 17-384	Repayment	1,340,185.00	-	80%	242,603.50	14,835.00
Sewer	SRF 17-385	Construction	3,925,393.00	-	-	3,866,297.00	217,260.00
							<u>782,619.00</u>

**7. Compliance with SRF Loan Agreement:**

- **Timely repayments [4.(a)]**  
 Yes  No
- **Security Deposit (UDs and Authorities) [8.]** \$782,619
- **AP Accounting and Audited Annual Financial Statement Requirement [7.(g) and (m)(2)]**

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

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

For the fiscal year ended December 31, 2018, the Authority's audited financial statements reflected operating income of \$1,810,846, and a positive change in net position of \$3,365,432.

The Authority's statement of cash flows reflected debt service payments of \$2,604,968, consisting of principal payments of \$1,942,198 and interest payments of \$662,770. At December 31, 2018, the Authority reported \$13,693,034 in unrestricted cash.

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

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

Yes  No

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

*Most Recent Fiscal Year (m)(3):*

The Authority's debt service coverage ratio was 2.58x for fiscal year 2018 and is estimated to be 2.72x for fiscal year 2019 (as projected by the Authority). The Authority has met the debt service coverage requirement for fiscal year 2018.

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

The Authority projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 2.67x to 3.08x for fiscal years 2020 through 2023.

- **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 ( \_\_\_ Water Loss \_\_\_ Financial Distress)        X   No

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

**9. Conclusion**

Based upon our analysis, the Authority will have sufficient cash and revenues to meet its obligations. The Authority appears to meet TLDA's guidelines for approval to issue addition debt subordinate to its outstanding State Revolving Fund (SRF) loan agreements.

**Attachments:**

Debt Service Coverage & Three-year Financial Projection

**WATER AUTHORITY OF DICKSON COUNTY**  
**SUMMARY OF ESTIMATED HISTORICAL AND PROFORMA DEBT SERVICE COVERAGE RATIOS**  
**(FISCAL YEARS ENDED DECEMBER 31 OF EACH YEAR)**

	2014	2015	2016	2017	2018
Operating Revenues	14,376,179	15,327,388	16,781,826	16,759,095	17,774,275
Operating Expenses	(8,817,397)	(9,439,252)	(9,639,599)	(10,007,439)	(10,266,509)
Interest Income	10,638	12,135	14,612	20,999	69,384
Revenues Available for Debt Service	5,569,420	5,900,271	7,156,839	6,772,655	7,577,150
Annual Debt Service	2,619,362	2,948,989	2,937,117	2,935,625	2,935,625
Debt Service Coverage (Times)	2.1263	2.0008	2.4367	2.3071	2.5811
	2019	2020	2021	2022	2023
Operating Revenues	18,129,761	18,492,356	18,862,203	19,239,447	19,624,236
Operating Expenses	(10,369,174)	(10,472,866)	(10,577,594)	(10,683,370)	(10,790,204)
Interest Income	71,119	72,897	74,719	76,587	78,502
Revenues Available for Debt Service	7,831,705	8,092,386	8,359,327	8,632,663	8,912,533
Annual Debt Service	2,878,970	3,030,970	2,891,616	2,800,856	3,014,717
Debt Service Coverage (Times)	2.7203	2.6699	2.8909	3.0822	2.9563

Source: Authority Records and Reports

# Water Authority of Dickson County

101 Cowan Road, Dickson, Tennessee 37055  
615.441.4188 Fax 615.441.9987

March 19, 2020

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:

Water Authority of Dickson County (Tennessee) (the "Authority") requests that the Tennessee Local Development Authority ("TLDA") approve, at its next meeting, issuance of not in excess of \$260,000 debt, in the form of promissory notes payable to Bank of Dickson, a local state-chartered depository institution (collectively and severally, the "Notes"). The Authority's SRF Wastewater Loans presently outstanding include the following:

<b>WADC SRF Wastewater Loans Outstanding</b>			
<b>Loan ID</b>	<b>Interest Rate</b>	<b>Balance</b>	<b>Maturity</b>
00-150	2.95%	\$ 117,350.00	2024
06-194	1.66%	\$ 141,221.00	2030
09-247	1.51%	\$ 833,854.00	2030
12-295	1.11%	\$ 6,218,495.00	2036
17-384	1.03%	\$ 243,629.00	2038
17-385	1.03%	\$ 3,910,619.00	2039
		<hr/>	
		\$ 11,465,168.00	

## 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 Notes:

The Authority proposes to issue the Notes to provide funding for the following purposes:

1. To reimburse itself for the February 27, 2020, purchase of a 2020 Freightliner truck, VIN 3ALACXD22LDU2548 (the “2020 Freightliner”), which it purchased on that date for the sum of \$95,426.00. A copy of the purchase agreement for the 2020 Freightliner is submitted herewith.
2. To reimburse itself for the purchase of a 2021 Freightliner truck (the “2021 Freightliner”) for the sum of \$162,374.00. A copy of the dealer price quotation is submitted herewith.
3. To pay the costs of consummating the loans evidenced by the Notes.

## Purpose for Purchasing Vehicles:

The 2020 Freightliner is a two-axle dump truck purchased for use in the Authority’s general operations. The 2021 Freightliner is a three-axle dump truck to be used to haul treated sludge from the Authority’s wastewater treatment plants to a landfill disposal site in Benton County, Tennessee. During 2019, the Authority spent \$94,600 in payments to third-party haulers of sludge to the Benton County site. After allowing for operating and maintenance expenses and increased payroll expenses associated with utilizing organic resources for hauling, the Authority expects within three years to have more than recovered the cost of the 2021 Freightliner from saved third-party expenses. Purchase of both vehicles in calendar year 2020 was provided for by the Authority’s annually-reviewed and -approved capital expenditures budget for the year. A copy of the Authority’s Resolution No. 2020-03 approving the vehicles’ purchase, issuing the Notes, and reimbursing itself for the vehicles’ purchase is submitted herewith.

## Terms of the Notes

The Notes will provide for level, fully amortizing monthly payments over the term of 60 months, at 1.99% p.a. interest. Pro forma copies of the Notes as proposed are submitted herewith, as are amortization schedules for each proposed loan.

Security for the Notes:

While the Note will be payable solely from the Net Revenues of the Authority's water and wastewater systems, payment of the indebtedness evidenced by the Notes will be unsecured.

Financial Information:

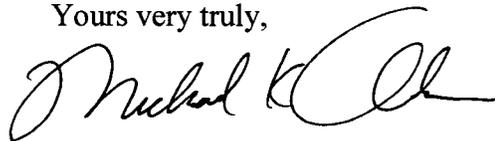
Attached to this correspondence are the following financial schedules excerpted from the Official Statement issued in connection with the Authority's January 30, 2020, \$15,6100,000 Water and Wastewater Revenue Refunding Bonds, Series 2020:

1. FY2014-2018 Historical Summary of Balance Sheet Changes (i.e. Assets and Liabilities + Net Position listed on successive pages)
2. FY2014-2018 Historical Summary of Income Statement Changes
3. FY2020-2039 Summary of Estimated Total Annual Debt Service Requirements
4. FY2014-2023 Historical and Pro Forma 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 or Benjamin C. Regen – Counsel for the Authority at (615) 446-228.

With kindest regards, I am

Yours very truly,



Michael K. Adams, PE  
Executive Director

Enclosures

Resolution 2020-03

**WATER AUTHORITY OF DICKSON COUNTY**

**Resolution No. 2020-03**

WHEREAS Water Authority of Dickson County (the "Authority") is a "political subdivision" of the State of Tennessee within the meaning of 26 U.S.C. § 103 and the regulations promulgated thereunder; and

WHEREAS interest paid with respect to obligations issued by the Authority is generally excluded from "gross income" of the payee pursuant to 26 U.S.C. § 103, subject to the Authority's compliance with other applicable provisions of the Internal Revenue Code of 1986 (as amended), 26 U.S.C. § 1 *et seq.*, and the regulations promulgated thereunder; and

WHEREAS pursuant to applicable provisions of 26 U.S.C. § 150 and subject to the limitations thereof, the Authority is permitted to reimburse itself, from and out of the proceeds of tax-exempt debt obligations, for certain "original expenditures," as defined in 26 C.F.R. § 1.150-2, made in connection with capital expenditures related to the Authority's governmental purposes; and

WHEREAS on February 17, 2020, the Authority expended from its operating fund, the sum of Ninety-Five Thousand Four Hundred Twenty-Six and No/100 Dollars (\$95,426.00) to Neely Coble Company, Inc., in connection with acquisition of a certain 2020 Freightliner truck, VIN 3ALACXD22LDU2548 (the "2020 Freightliner"), for use in connection with the Authority's operations; and

WHEREAS the Authority intends to purchase from Neely Coble Company, Inc. a certain 2021 Freightliner truck, VIN 3ALMGNF8MDMA6880, for the sum of One Hundred Sixty-Two Thousand Three Hundred Seventy-Four and No/100 Dollars (\$162,374.00), to be used for the hauling of sludge from the Authority's wastewater treatment plants to approval disposal sites; and

WHEREAS the price quotation received for the purchase of the 2021 Freightliner and its modification for use in hauling treated sludge from the Authority's wastewater treatment plants requires action prior to obtaining approval for the issuance of additional debt from the Tennessee Local Development Authority; and

WHEREAS to the maximum extent permissible, the Authority intends to reimburse itself, from and out of the proceeds of debt obligations the interest in respect of which is exempt from inclusion in "gross income" pursuant to 26 U.S.C. § 103, for all original expenditures arising from, related to, or connected with the acquisitions of the 2020 Freightliner and the 2021 Freightliner; and

NOW THEREFORE, BE IT AND IT HEREBY IS RESOLVED as follows:

**1. Recitals.**

The recitals set forth above are repeated and incorporated into this resolution as substantive material provisions hereof.

**2. Approval of Purchases.**

The Authority's purchase of the 2020 Freightliner is hereby affirmed. The Authority's approval of the 2021 Freightliner is hereby approved.

**3. Authorization of Borrowing.**

a. For purposes of reimbursing itself for its original expenditures in connection with acquisition of the 2020 Freightliner, the Authority is authorized to borrow from Bank of Dickson the principal sum of Ninety-Five Thousand Four Hundred Twenty-Six and No/100 Dollars (\$95,426.00), together with origination fees, charges, and other customary expenses of similar extensions of credit as charged by the said lender, the said loan to be repaid in sixty (60) equal consecutive monthly installments of principal and interest at the rate of One and 99/100 percent (1.99%) (the "2020 Freightliner Loan").

b. For purposes of reimbursing itself for its original expenditures in connection with acquisition of the 2021 Freightliner, the Authority is authorized to borrow from Bank of Dickson the principal sum of One Hundred Sixty-Two Thousand Three Hundred Seventy-Four and No/100 Dollars (\$162,374.00), together with origination fees, charges, and other customary expenses of similar extensions of credit as charged by the said lender, the said loan to be repaid in sixty (60) equal consecutive monthly installments of principal and interest at the rate of One and 99/100 percent (1.99%) (the "2021 Freightliner Loan").

**4. Intent to Reimburse; Allocation of Proceeds.**

a. The Authority shall reimburse itself, from and out of the proceeds of the 2020 Freightliner Loan, all of its expenses incurred in connection with purchase of the 2020 Freightliner. All proceeds of the 2020 Freightliner Loan over and above costs of issuance are hereby allocated to the purpose of such reimbursement.

b. The Authority shall reimburse itself, from and out of the proceeds of the 2021 Freightliner Loan, all of its expenses incurred in connection with purchase of the 2021 Freightliner. All proceeds of the 2021 Freightliner Loan over and above costs of issuance are hereby allocated to the purpose of such reimbursement.

**5. Amount of Tax-Exempt Issues.**

The total principal to be borrowed in connection with the 2020 Freightliner Loan and the 2021 Freightliner Loan shall not exceed Two Hundred Sixty Thousand and No/100 Dollars (\$260,000.00)

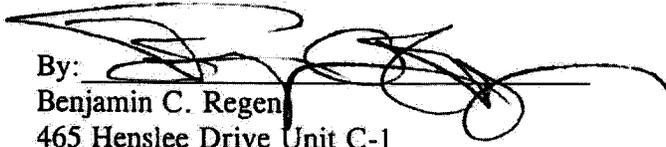
ADOPTED, this 9<sup>th</sup> day of March, 2020.



Chairman

APPROVED AS TO FORM:

WHITE & REGEN, PLC

By: 

Benjamin C. Regen

465 Henslee Drive Unit C-1

P. O. Box 190

Dickson, Tennessee 37056-0190

JOHN COOPER  
MAYOR

DIRECTOR OF FINANCE  
METROPOLITAN COURTHOUSE  
ONE PUBLIC SQUARE, SUITE 106  
NASHVILLE, TENNESSEE 37201  
(615)862-6151  
(615)862-6156 FAX

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



May 11, 2020

**VIA E-MAIL ([sandi.thompson@cot.tn.gov](mailto:sandi.thompson@cot.tn.gov) and [alicia.west@cot.tn.gov](mailto:alicia.west@cot.tn.gov))**

Ms. Sandra Thompson, Assistant Secretary  
Tennessee Local Development Authority  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

RE: The Metropolitan Government of Nashville and Davidson County – SRF Loans Nos. 2020-223, 2020-224 and 2020-446 (the “SRF Loans”) – Request for Parity Status with Outstanding Water and Sewer Revenue Bonds

Dear Sandi:

The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) is seeking the TLDA’s approval of the SRF Loans at the TLDA’s upcoming May 21 meeting. Pursuant to the TLDA’s guidelines, we hereby request that, as to the pledge of water and sewer revenues to the repayment of the SRF Loans, the TLDA consent to the SRF Loans being secured on parity with the City’s outstanding water and sewer revenue bonds.

By granting this request, the TLDA will enhance its lien position with respect to water and sewer revenues. The alternative is for the TLDA to assume subordinate lien status with respect to water and sewer revenues. By granting this request, the TLDA will also enhance the ability of the Metropolitan Government to issue future public market bonds with the highest possible lien position (and therefore the lowest interest rates). The Metropolitan Government understands that it must obtain the TLDA’s consent to any future issue of bonds on parity with the SRF Loans. For these reasons, the Metropolitan Government believes that this request is in the public interest.

Thank you for considering our request.

Yours truly,

A handwritten signature in blue ink, appearing to be the name of the Director of Finance, written over a horizontal line.

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

OFFICE OF THE  
MAYOR

March 10, 2020

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

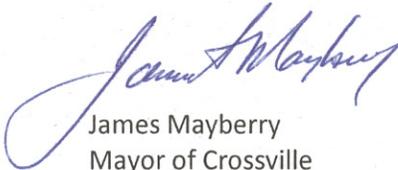
Ms. Sandra Thompson, Assistant Secretary  
Tennessee Local Development Authority  
Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243

RE: City of Crossville, Tennessee (the "City") – \$890,000 Water and Sewer Revenue and Tax Bond, Series 2020 (the "Bond")

Dear Ms. Thompson:

The City proposes to issue a Bond to the United States Department of Agriculture in order to finance water and sewer system improvements and extensions. The Bond will be secured by a pledge of water and sewer revenues subordinate to the pledge of revenues in favor of the City's 2000, 12-116, 2015, August 2009 and November 2009 State Revolving Fund Loans. Please consider this letter notice of the issuance of the Bond, as required by the TLDA's SRF Policy & Guidance for Borrowers.

Sincerely,



James Mayberry  
Mayor of Crossville  
27782650.1

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Clean Water State Revolving Fund (CWSRF) Loan Program  
Funds Available for Loan Obligation  
May 21, 2020**

**Unobligated Balance as of March 06, 2020** **\$ 62,009,399**

**Increases:**

	<b>Loan Number</b>	<b>Amount</b>		
Lincoln County	SRF 2017-388	\$ 379,066	*	
City of Lewisburg	SRF 2017-390	\$ 14,833	*	
				<b>\$ 393,899</b>

**Unobligated Balance as of May 21, 2020** **\$ 62,403,298**

**Decreases:**

	<b>Loan Number</b>	<b>Amount</b>		
City of Nashville	SRF 2020-446	\$ 11,600,000		
Town of Huntland (subsidized @ \$100,000)	CG6 2019-426	\$ 1,000,000		
Town of Huntland	SRF 2019-427	\$ 2,925,000		
Caryville/Jacksboro Utilities (subsidized @ 49,300)	CW8 2020-444	\$ 493,000		
				<b>\$ (16,018,000)</b>

**Remaining Funds Available for Loan Obligations** **\$ 46,385,298**

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**  
**May 21, 2020**

**Borrower:** Metropolitan Government of Nashville and Davidson County  
**Project Number:** SRF 2020-446  
**Requested SRF Funding:** \$11,600,000  
**Term:** 20 years  
**Rate:** 0.95% = 1.36 X 70%

**Project:**

I/I Correction (rehabilitation of approximately 20,550 linear feet of 8-inch to 42-inch diameter existing sewer lines by cured-in-place pipe lining; rehabilitation of approximately 110 sewer service renewals by lining and excavation methods; manhole rehabilitation and installation of clean out).

Total Project Cost:	\$11,600,000
Project Funding:	
SRF Loan Principal	\$11,600,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Davidson County
Consulting Engineer:	Metro Water Services
Priority Ranking List:	FY 2018
Priority Ranking:	31 of 72
Public Meeting:	February 25, 2020

**Financial Information:**

Operating Revenues:	\$227,648,685
Current Rate:	\$34.67
Effective Rates, if applicable:	\$36.06 (Effective Date: January 01, 2021)
	\$37.14 (Effective Date: January 01, 2022)
	\$38.25 (Effective Date: January 01, 2023)
	\$39.40 (Effective Date: January 01, 2024)
Residential User Charge:	5,000 gal/month
Customer Base:	374,083
Audit Report Filed:	12/27/2019 (Timely)
Financial Sufficiency Review:	02/25/2020

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

**FACT SHEET**  
**May 21, 2020**

**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: \$114,132,245

MADS:	Prior Obligations:	\$	-0-
	Proposed loan(s):		
	DWF 2020-224	\$	1,509,917
	DG8 2020-223	\$	266,670
	SRF 2020-446	\$	<u>637,073</u>
			\$2,413,660

MADS as a percentage of SSTs: 2.11%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
FOR TAX REVENUE ENTITIES  
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
SRF2020-446**

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 \$114,132,245.

**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				

\* 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
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

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 \$0.

**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 2020-446	0.95%	\$11,600,000	\$0	\$637,073
SRF/Water	DG8 2020-223	0.65%	\$5,000,000	\$0	\$266,670
SRF/Water	DWF 2020-224	0.95%	\$27,493,000	\$0	\$1,509,917

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$2,413,660.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$111,718,585.

**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 7<sup>th</sup> day of April, 2020.**

**LOCAL GOVERNMENT**

**BY:**



\_\_\_\_\_  
Kevin Crumbo, Finance Director

**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](http://emma.msrb.org)).

**The applicant, Metropolitan Government of Nashville and Davidson County, 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.**



Kevin Crumbo, Finance Director

April 7, 2020

Date

# FACT SHEET

## May 21, 2020

**Borrower:** Town of Huntland  
**Project Number:** CG6 2019-426  
**Requested SRF Funding:** \$1,000,000  
**Term:** 30 years  
**Rate:** 0.32% = 1.62 X 20%

### **Project:**

Decentralized Wastewater Treatment System (Construction of a 0.17 MGD decentralized wastewater treatment facility and the installation of a STEP wastewater collection system to serve customers with failing septic tanks).

Total Project Cost: \$5,500,000

#### Project Funding:

SRF Loan Principal (90%)	\$900,000
Principal Forgiveness (10%)	\$100,000
Local Funds	\$-0-
Other Funds (SRF 2019-427)	\$2,925,000
Economic Development Administration (EDA) Grant	\$500,000
FastTrack Infrastructure Development Project	\$225,000
Community Development Block Grant (CDBG)	\$450,000
Appalachian Regional Commission (ARC) Grant	\$400,000

County: Franklin County  
Consulting Engineer: Fox PE Engineering  
Priority Ranking List: FY 2017  
Priority Ranking: 18 of 67  
Public Meeting: November 19, 2018

### **Financial Information:**

Operating Revenues:	\$229,745 (Estimated Sewer Revenues)
Current Rate:	\$0.00
Effective Rates, if applicable:	\$53.00*
Residential User Charge:	5,000 gal/month
Customer Base:	377 (Estimated Equivalent Residential Units)
Audit Report Filed:	12/23/2019 (Timely)
Financial Sufficiency Review:	01/16/2020 (Based on MTAS Study)

**FACT SHEET**  
**May 21, 2020**

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

**\*After MTAs study the town of Huntland proposed to adopt sewer user rates**

**\*The sewer user rates will be adopted after loan funding determined from SRF.**

**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: \$112,376

MADS:	Prior Obligations:	\$	-0-
	Proposed loan(s):		
	CG6 2019-426	\$	31,467
	<u>SRF 2019-427</u>	<u>\$</u>	<u>102,268</u>
			\$133,735

MADS as a percentage of SSTs: 119.01%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
FOR TAX REVENUE ENTITIES  
TOWN OF HUNTLAND  
CG6 2019-426**

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 \$112,376.

**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				

\* 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
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

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 \$0.

**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	CG6 2019-426	0.32%	\$900,000	\$100,000	\$31,467
SRF/Sewer	SRF 2019-427	0.32%	\$2,925,000	\$0	\$102,268

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$133,735.

**4. Unobligated SSTs**

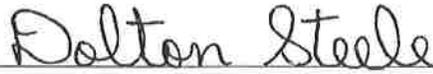
The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$21,359.

**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 17th day of March, 2020.**

**LOCAL GOVERNMENT**

**BY:**



**Mayor Dolton Steele**

**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.

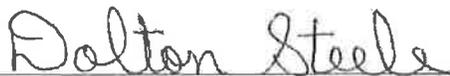
**Municipal Securities Rulemaking Board (MSRB) – Required Disclosure**

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](http://emma.msrb.org)).

**The applicant, Town of Huntland, 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.**



Mayor Dalton Steele

03-17-2020

Date

**FACT SHEET**  
**May 21, 2020**

**Borrower:** Town of Huntland  
**Project Number:** SRF 2019-427  
**Requested SRF Funding:** \$2,925,000  
**Term:** 30 years  
**Rate:** 0.32% = 1.62 X 20%

**Project:**

Decentralized Wastewater Treatment System (Construction of a 0.17 MGD decentralized wastewater treatment facility and the installation of a STEP wastewater collection system to serve customers with failing septic tanks).

Total Project Cost: \$5,500,000

Project Funding:

SRF Loan Principal	\$2,925,000
Local Funds	\$-0-
Other Funds (CG6 2019-426)	\$1,000,000
Economic Development Administration (EDA) Grant	\$500,000
FastTrack Infrastructure Development Project	\$225,000
Community Development Block Grant (CDBG)	\$450,000
Appalachian Regional Commission (ARC) Grant	\$400,000

County: Franklin County  
Consulting Engineer: Fox PE Engineering  
Priority Ranking List: FY 2017  
Priority Ranking: 18 of 67  
Public Meeting: November 19, 2018

**Financial Information:**

Operating Revenues:	\$229,745 (Estimated Sewer Revenues)
Current Rate:	\$0.00
Effective Rates, if applicable:	\$53.00*
Residential User Charge:	5,000 gal/month
Customer Base:	377 (Estimated Equivalent Residential Units)
Audit Report Filed:	12/23/2019 (Timely)
Financial Sufficiency Review:	01/16/2020 (Based on MTAS Study)

# FACT SHEET

May 21, 2020

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

**\*After MTAs study the town of Huntland proposed to adopt sewer user rates**

**\*The Sewer User Rates will be adopted after loan funding determined from SRF.**

## **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: \$112,376

MADS:	Prior Obligations:	\$	0
	Proposed loan(s):		
	SRF 2019-427	\$	102,268
	<u>CG6 2019-426</u>	\$	<u>31,467</u>
			\$133,735

MADS as a percentage of SSTs: 119.01%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
FOR TAX REVENUE ENTITIES  
TOWN OF HUNTLAND  
SRF 2019-427**

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 \$112,376.

**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				

\* 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
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

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 \$0.

**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 2019-427	0.32%	\$2,925,000	\$0	\$102,268
SRF/Sewer	CG6 2019-426	0.32%	\$900,000	\$100,000	\$31,467

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$133,735.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$~~21,359~~.

**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 17th day of March, 2020.**

**LOCAL GOVERNMENT**

BY: Dolton Steele  
Mayor Dolton Steele

**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.

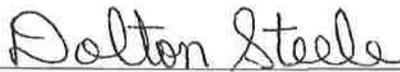
**Municipal Securities Rulemaking Board (MSRB) – Required Disclosure**

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:

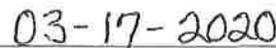
- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- 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](http://emma.msrb.org)).

**The applicant, Town of Huntland, 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.**



Mayor Dalton Steele



Date

**FACT SHEET**  
**May 21, 2020**

**Borrowers:** Town of Caryville  
Caryville-Jacksboro Utilities Commission

**Project Number:** CW8 2020-444

**Requested SRF Funding:** \$493,000

**Term:** 20 years

**Rate:** 0.54% = 1.36 X 40%

**Project:**

Wastewater Treatment Plant Improvements (Construction of 3rd Clarifier and Associated Appurtenances Project).

Total Project Cost:	\$1,118,000
Project Funding:	
SRF Loan Principal	\$ 443,700
Principal Forgiveness	\$ 49,300
Local Funds	\$ 175,000
Other Funds (ARC Grant)	\$ 450,000

County:	Campbell County
Consulting Engineer:	Barge Design Solutions, Inc
Priority Ranking List:	FY 2019
Priority Ranking:	1 of 82
Public Meeting:	December 20, 2019

**Financial Information:**

Operating Revenues:	\$5,784,062
Current Rate:	\$94.03
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	2,898
Town of Caryville	
Audit Report Filed:	02/21/2020 (Timely)
Caryville-Jacksboro Utility Commission	
Audit Report Filed:	12/21/2018 (Late)
Financial Sufficiency Review:	12/04/2019

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

**FACT SHEET**

**May 21, 2020**

**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: \$310,433

MADS:	Prior Obligations:	\$20,485.26
	Proposed loan(s):	
	CW8 2020-444	<u>\$23,410.00</u>
		\$43,895.26

MADS as a percentage of SSTs: 14.14%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
FOR TAX REVENUE ENTITIES  
TOWN OF CARYVILLE  
CARYVILLE AND JACKSBORO UTILITIES COMMISSION  
CW8 2020-444**

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 \$310,433.00.

**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**
TLDA/Water	5080402	\$291,402.90	\$0	\$20,485.26

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

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

\*\*\*<sup>1</sup>The CJUC also has one TLDA loan which is secured by Jacksboro's SSTs

The total MADS from section 2(a.) having a lien on SSTs is \$20,485.26.

(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				
TLDA/Public Health				
TLDA/Transportation				

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 \$\_\_\_\_\_.

<sup>1</sup> TLDA/Water (Jacksboro) Loan #5080401 \$106,298.10 MADS: \$6,740.64

**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	CW8 2020-444	0.54%	\$443,700.00	\$49,300.00	\$23,410.00

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$23,410.00.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$266,537.74.

**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 the 9<sup>th</sup> day of March, 2020.**

**LOCAL GOVERNMENT**

BY:



Bobby L. Stooksbury, Caryville Mayor

**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.

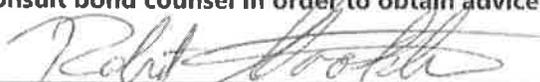
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**The applicant, Town of Caryville, attests that it is in compliance with Tenn. Code Ann. § 9-21-151 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development 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.**

  
\_\_\_\_\_  
Mayor Bobby L. Stooksbury, Town of Caryville

3/9/2020

\_\_\_\_\_  
Date

# Town of Caryville

4839 Old Highway 63  
Caryville, Tennessee 37714  
423-562-9478 (Office) • 423-562-4373 (Fax)

March 3, 2020

Ms. Sushuma Pedireddi, Grants Analyst 3  
State Revolving Fund Loan Program  
William R. Snodgrass, Tennessee Tower,  
312 Rosa L. Parks Avenue, 12<sup>th</sup> Floor,  
Nashville, TN 37243

**RE: Project No. CW8 2020-444**

Dear Ms. Pedireddi:

As per your request to Ms. Gwendolyn Brown regarding the provision of an explanation as to why the Town of Caryville's 2019, 2018 and 2017 audits were filed late for these three consecutive years, as Recorder for the Town, I offer the following explanations.

The 2019 Audit Report was filed late due to the Town's auditor leaving the Whitlock & Company, PC in July of 2019. Also, it is noted that in July, a merger occurred between Whitlock & Company and Ingram, Overholt and Bean, PC. This took some time to assign someone to address the Town's audit report. Additionally, it is my understanding that the December and January holidays contribute to the delays as well with some staff members taking vacation during this time frame.

The 2018 Audit Report was delayed due to resignation of a partner who left the Whitlock & Company to go work with a client. Again, leaving the company in the position of not being able to meet audit deadlines. Christmas and New Year holidays also caused further time delays.

The 2017 Audit Report was my first report to work on as the new recorder. After reviewing the minutes, I found that the Auditor was on the January Board of Mayor and Aldermen meeting agenda to present the audit the audit comments and findings. However, a representative was not in attendance. After following up with the Auditor, a representative was placed on the February board meeting agenda and the audit was approved for adoption.

If you have further requests, please do not hesitate to again contact our consultant, Gwendolyn Brown.

Respectfully Submitted,



Trecia Kindred, Recorder

cc: Robert Stooksbury, Mayor  
Franklin D. Wallace, CJUC  
Gwendolyn W. Brown, Planning Consultant

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program  
Funds Available for Loan Obligation  
May 21, 2020**

<b>Unobligated Balance as of March 06, 2020</b>				<b>\$ 70,213,713</b>
<b><u>Increases:</u></b>		<b><u>Loan Number</u></b>	<b><u>Amount</u></b>	
Warren County Utility District	DW4 2015-158	*	\$ 63,324	
Town of Gainesboro	DG5 2016-183	*	\$ 39,891	
				<b>\$ 103,215</b>
<b>Unobligated Balance as of May 21, 2020</b>				<b>\$ 70,316,928</b>
<b><u>Decreases:</u></b>		<b><u>Loan Number</u></b>	<b><u>Loan Amount</u></b>	
City of Nashville	DG8 2020-223		\$ 5,000,000	
City of Nashville	DWF 2020-224		\$ 27,493,000	
				<b>\$ (32,493,000)</b>
<b>Remaining Funds Available for Loan Obligations</b>				<b>\$ 37,823,928</b>

# FACT SHEET

May 21, 2020

**Borrower:** Metropolitan Government of Nashville and Davidson County  
**Project Number:** DG8 2020-223  
**Requested SRF Funding:** \$5,000,000  
**Term:** 20 years  
**Rate:** 0.65% = (1.36 X 70%) - (.30%)

## **Project:**

Green – Distribution System Improvements (Construction of a new 2.5 MG 38<sup>th</sup> Ave Water Storage Tank; upgrade/improvements to the 8<sup>th</sup> Ave Water Storage Tank; and replacing approximately 14, 340 LF of 2-inch thru 8-inch diameter cast iron waterlines with 8-inch diameter waterlines in the 12<sup>th</sup> Ave S Area).

Total Project Cost:	\$32,493,000
Project Funding:	
SRF Loan Principal	\$ 5,000,000
Local Funds	\$ -0-
Other Funds (DWF 2020-224)	\$27,493,000

County:	Davidson County
Consulting Engineer:	Metro Water Services
Priority Ranking List:	FY 2019
Priority Ranking:	10,27,28 of 43
Public Meeting:	February 25, 2020

## **Financial Information:**

Operating Revenues:	\$227,648,685
Current Rate:	\$21.01
Effective Rates, if applicable:	\$21.85 (Effective date: January 01, 2021)
	\$22.51 (Effective date: January 01, 2022)
	\$23.18 (Effective date: January 01, 2023)
	\$23.88 (Effective date: January 01, 2024)
Residential User Charge:	5,000 gal/month
Customer Base:	374,083
Audit Report Filed:	12/27/2019 (Timely)
Financial Sufficiency Review:	01/22/2020

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

## **Additional Security**

# FACT SHEET

May 21, 2020

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: \$114,132,245

MADS:	Prior Obligations:	\$	-0-
	Proposed loan(s):		
	DWF 2020-224	\$	1,509,917
	DG8 2020-223	\$	266,670
	SRF 2020-446	\$	<u>637,073</u>
			\$2,413,660

MADS as a percentage of SSTs: 2.11%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
FOR TAX REVENUE ENTITIES  
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
DG8 2020-223**

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 \$114,132,245.

**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				

\* 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
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

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 \$0.

**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/Water	DG8 2020-223	0.65%	\$5,000,000	\$0	\$266,670
SRF/Water	DWF 2020-224	0.95%	\$27,493,000	\$0	\$1,509,917
SRF/Sewer	SRF 2020-446	0.95%	\$11,600,000	\$0	\$637,073

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$2,413,660.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$111,718,585.

**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 7<sup>th</sup> day of April, 2020.**

**LOCAL GOVERNMENT**

**BY:**



\_\_\_\_\_  
Kevin Crumbo, Finance Director

**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.

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Kevin Crumbo, Finance Director

April 7, 2020

Date

**FACT SHEET**  
**May 21, 2020**

**Borrower:** Metropolitan Government of Nashville and Davidson County  
**Project Number:** DWF 2020-224  
**Requested SRF Funding:** \$27,493,000  
**Term:** 20 years  
**Rate:** 0.95% = 1.36 X 70%

**Project:**

Green – Distribution System Improvements (Construction of a new 2.5 MG 38<sup>th</sup> Ave Water Storage Tank; upgrade/improvements to the 8<sup>th</sup> Ave Water Storage Tank; and replacing approximately 14, 340 LF of 2-inch thru 8-inch diameter cast iron waterlines with 8-inch diameter waterlines in the 12<sup>th</sup> Ave S Area).

Total Project Cost:	\$32,493,000
Project Funding:	
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County:	Davidson County
Consulting Engineer:	Metro Water Services
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**Financial Information:**

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LOANS AND STATE-SHARED TAXES  
FOR TAX REVENUE ENTITIES  
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
DWF 2020-224**

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**LOCAL GOVERNMENT**

**BY:**



\_\_\_\_\_  
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Kevin Crumbo, Finance Director

April 7, 2020

Date

PROJECT NAME & NUMBER	STATE & LOCAL FINANCE LOAN	DATE LOAN	LOAN AMOUNT	TDEC DETAILS/COMMENTS/STATUS	PROJECT SCHEDULE STATUS
	ACTIVITY at 01/02/2019	AWARDED			Compliance Non-compliance (Need explanation or justification)
<b>Cleveland CW7 19-431</b>	No funds have been disbursed to borrower	6/27/2019	\$ 1,771,000.00	Per John Sparkman, Cleveland Engineer - There are easement issues that should be resolved by July 2020.	Construction extension date approved through August 2020.
<b>Dyersburg CG7 20-439</b>	No funds have been disbursed to borrower	10/24/2019	\$ 2,500,000.00	A/E approved 2/3/2020.	Submission of engineering plans and specifications on or before July 2022.
<b>Hamilton County WWTa SRF 19-425 *</b>	No funds have been disbursed to borrower	11/26/2018	\$ 2,474,000.00	Per Alisha Francois, Manager - HCWWTA, will submit a large volume of invoices over the next several months. This is a companion loan to CW7 19-424, which is currently 39% complete (spoke end of April 2020).	Construction completion date of December 2020.
<b>Jasper SRF 18-401</b>	No funds have been disbursed to borrower	11/8/2017	\$ 150,529.00	April 3, 2020, SRF received via email a request for a deadline extension to resolve a dispute with the contractor. Backup documentation was included with the request. April 9, 2020, the SRF Loan Program approved the requested extension with the understanding that failure to adhere to the project schedule established will constitute a breach of contract and may result in loss of principal forgiveness, loss of interest rate reduction, or both.	Construction extension completion date of September 14, 2020.
<b>Chattanooga SRF 18-406-01*</b>	No funds have been disbursed to borrower	10/24/2019	\$ 30,000,000.00	This is a companion loan to SRF 18-406 that is 68% complete and CW6 18-405 that is 84% complete.	Construction completion date of September 2020.
<b>Johnson City SRF 20-441</b>	No funds have been disbursed to borrower	12/13/2019	\$ 15,000,000.00	Per Andrew Howe, Hazen Engineering - the initial bid was double the request. The City is evaluating the bids for a path forward, possibly doing the project in phases.	Construction completion date of December 2021.
<b>Lebanon DW7 19-217</b>	No funds have been disbursed to borrower	12/13/2019	\$ 1,400,000.00	Per Regina Santana, City of Lebanon - the project is out to bid. Bid opening is scheduled for May 21, 2020.	January 30, 2020 a revision to the project schedule was submitted to SRF. The revised completion request is June 2021.
<b>Bell Buckle DW8 20-221</b>	No funds have been disbursed to borrower	1/21/2020	\$ 886,000.00	This is a pilot project. The first pay request processed May 1, 2020 for \$94,289.	Construction completion date of September 2020.
<b>Humboldt DWF 19-215-01*</b>	No funds have been disbursed to borrower	3/6/2020	\$ 510,000.00	This is a companion loan to DW6 19-213 that is 81% complete, DW7 19-214 that is 42% complete and DWF 19-215 that is 62% complete.	Construction completion date of February 2021.