TENNESSEE LOCAL DEVELOPMENT AUTHORITY
AUGUST 23, 2021
AGENDA

1. Call meeting to order

2. Approval of minutes from the TLDA meeting of July 22, 2021

3. Consider for approval the following Drinking Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Etowah, DG9 2021-241	$1,000,000	$ -	$1,000,000	0.80%	20
Arthur-Shawanee UD DW8-2021-243	$ 220,000	$ 55,000	$ 275,000	0.66%	20

4. Consideration of a request for approval from Metro Nashville to issue Water and Sewer Revenue Bonds in an amount not to exceed $815,000,000 on parity with its outstanding SRF loan agreements

5. Consideration of a request for approval from the Paris Utility Authority to issue a USDA Waterworks Revenue Bond in an amount not to exceed $7,200,000 on parity with its outstanding SRF loan agreements

6. Report on the notification from the City of Morristown submitted to comply with TLDA SRF Policy and Guidance for Borrowers

7. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
July 22, 2021

The Tennessee Local Development Authority (the "TLDA") met on Thursday, July 22, 2021, at 1:10 p.m. in the House Hearing Room I, First Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable Jason E. Mumpower, Comptroller of the Treasury
The Honorable David H. Lillard, Jr., State Treasurer
Commissioner Butch Eley, Department of Finance and Administration
Ms. Paige Brown, House Appointee

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

Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the June 15, 2021, TLDA meeting. Mr. Hargett asked for a motion to approve the minutes. Mr. Mumpower made a motion to approve the minutes, and Ms. Brown seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the motion carried, and the minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was the public hearing on and approval of the TLDA Debt Management Policy. He called upon Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance (DSGF) to present the item. Ms. Thompson stated that a review of the TLDA's Debt Management Policy was required at least annually and stated that the following revisions were being presented by staff to the board for consideration and approval. She stated that there were a couple of minor revisions for grammatical corrections to reflect division/department names and to provide clarity and/or add certain defined terms, such as cost of issuance, and narratives, such as how the state repaid its short-term debt. She stated, however, that one of the most pertinent revisions to the policy was the "Refunding Outstanding Debt" section, which had been revised to reflect how the TLDA currently, and would in the future, analyzed and considered refunding candidates for certain outstanding bond maturities. She stated that for advanced refundings, the policy preserved the requirement that refunding results be present value savings of at least 4% of the refunded bonds, and that consideration would be given to the refunding escrow efficiency when reviewing the refunding candidates. Ms. Thompson continued, saying that the requirement for current fundings be at least 2% (instead of the 4%) for a series of refunded bonds, or (instead of and), the present value savings, per series, must be equal to, or greater than, twice the cost of issuance allocable to the refunding series. She stated that a provision was added, which allowed the Comptroller, in consultation with the financial advisor, to waive refunding considerations given that the sale of the refunding bonds would still accomplish cost savings to the public, and further stated that such waivers would be reported in writing to the board at its next meeting. Ms. Thompson stated that the section on Option Value Calculation had been removed and replaced with Escrow Efficiency. She explained that this was a better measure in considering whether to refund and to evaluate the savings and the cost of conducting an advanced refunding. Ms. Thompson noted that the terms "underwriter's discount" and "evaluation of underwriter's performance" were removed from the section. She stated that on selection of the underwriting team, the professional services section now included the verification agent and an escrow bidding agent with a description of the services that they provided. She said that there was a bullet point added to the "Preparing for Bond Closing" section that stated staff would evaluate the bond sale after completion to assess the costs, which included the compensation of the underwriter, bond pricing and distribution of bonds, and sales credit. Ms. Thompson stated that as a final note, the DSGF did review these recommendations and revisions in conjunction with its financial advisor, PFM, as well as the AG's office. She then stated that she would be happy to take any questions or comments and thanked the TLDA for its consideration. Mr. Hargett asked if there was any discussion. Hearing none, Mr. Lillard made a motion to approve the revisions to the Debt Management Policy, and Mr. Eley seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the motion carried, and the Debt Management Policy was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of a request for approval of revisions to the TLDA SRF Policy and Guidance for Borrowers. He called upon Ms. Thompson to present the item. Ms. Thompson requested that Alicia West, the TLDA/SRF Program Accountant, present the item, and Mr. Hargett responded affirmatively. Ms. West stated that the DSGF had recently conducted a review of the TLDA SRF Policy and Guidance for Borrowers and that a summary of the revisions was included in the meeting materials. Ms. West first pointed out that there were some smaller grammatical revisions and a name change for the DSGF. She then stated that the special vice chair approval for requests to issue refunding debt (in the current policy) requires that refunding debt be issued subordinate to SRF loans. She stated, however, that after consulting with the AG's office, staff recommends that the vice chair also have special authority to approve requests for refunding debt issuances where the lien position remains the same or improves the lien position of the SRF loans. Ms. West stated that the next revision dealt with the issuance of refunding debt. She stated that the section titled "Approval for the Issuance of Refunding Debt," was added to address refundings in which the proceeds of debt that was issued would be used to repay the Borrower's SRF loans in full. She explained that the policy would direct these borrowers, to notify the TLDA and indicate in writing that they would repay the SRF loans simultaneously with the issuance of the debt. She stated that the "Single Audit" section was added to provide clarification on the federal single audit requirement and TDEC's additional requirement that federal and state dollars are all "federal" and subject to single audit requirements. Next, she stated that the disclosure section reflected the amendments to rule 15c2-12. Ms. West stated that guidance was added to the "Report on Debt Obligation" section for borrowers applying for SRF loans that were not in compliance with that requirement. Lastly, she stated that privately owned wastewater treatment systems were now allowed to borrow from the Clean Water SRF. Mr. Hargett inquired if there was any discussion. Hearing none, Mr. Mumpower made a motion to approve the revisions to the TLDA SRF Policy and Guidance for Borrowers, and Mr. Lillard seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the motion carried, and the TLDA SRF Policy and Guidance for Borrowers was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of Clean Water State Revolving Fund (CWSRF) loans and stated that, unless there was any objection, the TLDA would hear the six loan requests prior to asking for a motion to approve. Hearing none, he recognized Mr. Adeniyi Bakare, SRF Program Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan requests. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. He stated the unobligated fund balance was $65,001,035 as of June 15, 2021. Since that time, the unobligated balance had increased by $150,678 with the return of previous (unused) funding from the City of Fayetteville and the Town of Jasper. Upon approval of the loan requests to be presented totaling $15,587,000, the remaining funds available for loan obligations would be $49,564,713. He then presented the CWSRF loan requests.

- **Alexandria (SRF 2021-456)** Requesting $50,000 for Wastewater Treatment Plant (WWTP) improvements/advanced treatment (Modifications to the WWTP to operate in compliance with new permit limits); Planning and design loan; recommended interest rate of 0.17% based on the Ability to Pay Index (ATPI); Priority ranking 2 of 83 (FY 2019); Term: 5 years

- **Carthage (CW7 2020-445)** Requesting $470,000 ($235,000 (50%) loan; $235,000 (50%) principal forgiveness) for an infiltration and inflow (I/I) correction (sanitary sewer system evaluation to reduce and eliminate sources of infiltration and inflow; planning and design; recommended interest rate of 0.18% based on the ATPI; Priority ranking 36 of 64 (FY2020); Term: 5 years

- **Waverly (SRF 2021-461)** Requesting $580,000 for an I/I correction (replacement of approximately 2,000 linear feet (LF) of sewer lines by method of cured in place pipe (CIPP); recommended interest rate of 0.90% based on the ATPI; Priority ranking 40 of 83 (FY2019); Term: 20 years

- **Westmoreland (CW8 2021-457)** Requesting $2,500,000 ($2,000,000 (80%) loan; $500,000 (20%) principal forgiveness) wastewater treatment plant (WWTP) improvement/advanced treatment (construction of a new 3 million gallons per day (MGD) WWTP to replace the existing treatment facility); recommended interest rate of 0.65% based on the ATPI; Priority ranking 64 of 64 (FY2020); Term: 20 years

- **Westmoreland (SRF 2021-458)** Requesting $3,987,000 for a WWTP improvements/advanced treatment (construction of a new 3 MGD WWTP to replace the existing facility; recommended interest rate of 0.65% based on the ATPI; Priority ranking 64 of 64 (FY2020); Term: 20 years

- **White House (SRF 2021-449-01)** Requesting $8,000,000 for a WWTP upgrade/expansion; advanced treatment (expansion from 1.4 MGD to 2 MGD to include expanding the oxidation ditch and clarifiers, installation of a nutrient removal system, new disc filters, UV disinfection, and drip disposal system); recommended interest rate of 1.09% based on the ATPI; Term: 20 years

Mr. Hargett inquired if there was any discussion. Hearing none, Mr. Lillard made a motion to approve the loans, and Mr. Eley seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the motion carried, and the loans were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval for a Drinking Water State Revolving Fund (DWSRF) loans. He called upon Mr. Bakare to present the loan requests. He then presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. He stated the unobligated fund balance was $66,869,208 as of June 15, 2021. Upon approval of the loan requests to be presented totaling $155,000, the remaining funds available for loan obligations would be $66,714,208. He then described the DWSRF loan requests.

- **Alexandria (DWF 2021-234)** Requesting $20,000 for a green water meter replacement (replace approximately 900 water meters with automatic meter reading (AMR) meters); recommended interest rate of 0.17% based on the ATPI; Term: 5 years

- **Carthage (DW7 2021-223)** Requesting $135,000 ($108,000 (80%) loan; $27,000 (20%) principal forgiveness) for a waterline replacement (installation of approximately 1,000 LF of 6-inch diameter waterlines; recommended interest rate of 0.86% based on the ATPI; Term: 20 years

Mr. Hargett inquired if there was any discussion. Hearing none, Mr. Mumpower made a motion to approve the loans, and Ms. Brown seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the motion carried, and the loans were unanimously approved.

Mr. Hargett stated that the next item on the agenda was a report on the American Rescue Plan (ARP) funding. He called upon Mr. David W. Salyers, P.E., Commissioner for the TDEC, to present the report. Mr. Salyers introduced TDEC's Chief of Staff, Karen Simo, and the Director of the Office of Policy and Sustainable Practices, Dr. Kendra Abkowitz. He stated that he would proceed with presenting the report and welcomed questions from the TLDA during his presentation. He stated that the ARP was a great opportunity for Tennessee to make some incredible investments in its drinking water and clean water infrastructure. He further stated that currently there were $5 billion in needs, and by 2023 – 2040, $15 billion in needs were anticipated. Mr. Salyers stated that the first slide showed the ARP State and Local Funding for Tennessee. He said for planning purposes, it was assumed that about $1 billion out of the $3.725 billion for water and wastewater would be used. Next, he stated that slide three showed the statutory limitations. He stated that half of the funds ($3.7 billion) would be distributed to the state during the first year, and the second half would come one year later. He continued, saying that the funds would have to be obligated by December 31, 2024, and expended by December 31, 2026. Mr. Salyers stated that the program development was ARP dollars to the state and that local governments would be subject to the same rules and would fall in the same expenditure buckets. He stated that the anticipated grants to the communities across Tennessee would require some level of local match and said that the specific grantee pool and allocation formula would still need to be determined. He noted that TDEC was going through the process of finalizing details to present to the Financial Stimulus Accountability Group (FSAG) and stated that the required local government match would be based on the ATPI and would fall somewhere in the 10% - 40% range. He further stated that the local ARP funding could be utilized for that match. He stated that slide five laid out the eligibility based on the Treasury's Interim Final Rule. Mr. Salyers stated that Tennessee had requested a timeline extension and expanded eligibility. On the eligibility side, he stated that TDEC would consider allowing more of the regional water supply assessment, and potentially dams and reservoir maintenance, as well as some streamed maintenance and restoration. With respect to the timeline and due to the magnitude of projects, he stated that TDEC would possibly look for a two-year extension, beyond December 31, 2026. He moved on to slide six, saying that it outlined TDEC's proposed disbursement strategies, which consisted of formula-based grants, set-asides for state/strategic projects, and competitive grants. Also on slide six, he stated that the priorities emphasized would be used to evaluate the funding strategies but reported that TDEC would be focusing on asset management planning and infrastructure and water loss and infiltration/inflow reductions due to the

$350 million in revenue lost through the pipe each year. He stated that TDEC would then consider the SRF set-a-side incentive (grants) to help communities afford/qualify for SRF loans and that grant dollars would also help incentivize certain types of projects. As for the timeline, he stated that on August 4, 2021, TDEC would be presenting its proposed framework for water/wastewater infrastructure investment plan to the FSAG, and that he anticipated the release of the Treasury's ARP Final Rule on September 10, 2021. At that point, he stated that TDEC would publish a draft of its Water/Wastewater Infrastructure Investment Plan, which would close around October or November 2021. TDEC's final Water/Wastewater Infrastructure Investment Plan would then be published in January 2022. Following that, he stated that TDEC would engage in very robust outreach to ensure that local communities were aware of funding, approach, eligibility, requirements, and other critical elements. He stated that the process for the non-competitive grant letter of acceptance and project proposals would begin in March 2022. Mr. Salyers concluded, saying that TDEC would be working concurrently on the set-a-sides, and stated that as he noted earlier, once the non-competitives and set-a-sides were awarded, TDEC would then go back out with the competitive grants cycle with whatever (funding) was left over. Mr. Hargett thanked him for the report and asked if the TLDA had any questions. Mr. Mumpower answered affirmatively. Mr. Mumpower thanked the Commissioner for his presentation and stated that he was excited about the ARP funding. He stated that the need for utility improvements existed across the state, and that when it came to local governments, the greatest risk for financial peril was in utilities. He stated that in his presentations to local governments, he promoted the idea of using local ARP money for water and sewer investments. Mr. Mumpower then said he had three issues regarding the Commissioner's presentation. First, he stated that in terms of the formula that would be used to determine how much local match would be necessary, he asked TDEC to add an incentive that would encourage local governments to use their money for utility rehabilitation and expansion. He stated that he thought utility rehabilitation was especially important, even more so than the local government's ability to pay. His second issue was regarding to extend TDEC's timeline. He stated that it was not unreasonable, but that it was important to make it happen as quickly as possible. With the time it took to complete major utility rehab projects, and then considering they had to be contractually obligated by December 31, 2024, and have money spent by December 31, 2026, local government officials had a sense of urgency to begin spending their money in this way (utility rehabilitation, construction, or expansion). Mr. Mumpower stated that the third issue he would like to comment on, and welcome any thoughts on, was the supply chain issues. He stated that he was very concerned about supply chain issues and the availability of pipe and other necessary components used for utility rehabilitation. He then mentioned that he was on FSAG and looked forward to their meeting on August 4th. Mr. Salyers commented that those were all great suggestions and that he would be looking at those. Mr. Mumpower stated that this was one of the most fundamentally important opportunities for the state and hoped all communities would use their money in this way, which would benefit Tennesseans as a result. Mr. Hargett stated that it would be beneficial to future generations of Tennesseans as well. He then asked if there were any other observations or questions about the Commissioner's report. Hearing none, he stated that he looked forward to more details as the information became available.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Lillard made a motion, and Mr. Mumpower seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the meeting was adjourned.

Approved on this _____ day of __________, 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
August 23, 2021

Unobligated Balance as of July 22, 2021			**$**	**66,714,208**
Increases:	**Loan Number**	**Amount**		
Unobligated Balance as of August 23, 2021			**$**	**66,714,208**
Decreases:	**Loan Number**	**Loan Amount**		
City of Etowah	DG9 2021-241	$ 1,000,000		
Arthur-Shawanee Utility District	DW8 2021-243	$ 220,000		
Arthur-Shawanee Utility District (Principal Forgiveness)	DW8 2021-243	$ 55,000		
			$	**(1,275,000)**
Remaining Funds Available for Loan Obligations			**$**	**65,439,208**

FACT SHEET
August 23, 2021

Borrower:	City of Etowah
Project Number:	DG9 2021-241
Requested SRF Funding:	$1,000,000
Term:	20 years
Rate:	0.80% = (1.12% x 80%) - (0.1%) (Tier 3)

Project:

Water Meter Replacement (Installation of AMI meters within the Etowah Utilities service area).

Total Project Cost:	$ 1,750,000
Project Funding:	
SRF Loan Principal	$ 1,000,000
Principal Forgiveness	$ -0-
Local Funds	$ 25,000
Other Funds (CDBG)	$ 725,000

County:	McMinn County
Consulting Engineer:	CTI Engineers, Inc.
Priority Ranking List:	FY 2020
Priority Ranking:	39 of 48[1]
Public Meeting:	4/28/2021

Financial Information:

Operating Revenues:	$3,939,824
Current Rate:	$ 48.26
Financial Review Rate:	$ 47.16
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	4,629
Audit Report Filed:	3/31/2021[2] (Late)
Initial Financial Sufficiency Review:	4/6/2021

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

[1] The Project ranked #39 of 48 on the FY2020 Priority Ranking List (PRL).
[2] Fiscal Year 2020 Audit due 12/31/2020 and filed 3/31/2021 (late).

FACT SHEET
August 23, 2021

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: $459,817.

MADS:	Prior Obligations:	$ 109,332
	Proposed loan(s):	
	DW9 2021-241	$ 54,123
	Total:	$ 163,455

MADS as a percentage of SSTs: 35.55%

REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
CITY OF ETOWAH
DG9 2021-241

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 $459,817.

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	CW0 2012-296	$800,000	$200,000	$42,288
SRF/Sewer	CW3 2014-340	$950,000	$50,000	$50,820
SRF/Sewer	SRF 2015-347	$302,022	$0	$16,224

* 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 $109,332.

(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 $109,332.

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	DW9 2021-241	0.80%	$1,000,000	$0	$54,123

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is $54,123.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is $296,362.

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

Duly signed by an authorized representative of the Local Government on this 7th day of July, 2021.

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

LOCAL GOVERNMENT

BY: ______________________

Burke Garwood, Mayor

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

CITY OF ETOWAH

DG9 2021-241

Pursuant to Tenn. Code Ann. § 9-21-151, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-151 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that they may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

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

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

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

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

The applicant, City of Etowah, 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.

Burke Garwood, Mayor Date

7-7-21

BROWN JAKE & McDANIEL, PC
CERTIFIED PUBLIC ACCOUNTANTS
2607 KINGSTON PIKE, SUITE 110
KNOXVILLE, TENNESSEE 37919-3336
865/637-8600 • fax: 865/637-8601
www.bjmpc.com

JOE L. BROWN, CPA, CGFM, CGMA
FRANK D. McDANIEL, CPA, CGFM, CGMA
TERRY L. MOATS, CPA, CGFM, CGMA
JAMES E. BOOHER, CPA, CGMA
HALEY A. SLAGLE, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

August 3, 2021

Harold Masengil, General Manager and
April Preston, Financial Superintendent
Etowah Utilities
1313 S. Tennessee Avenue
Etowah, TN 37331

Dear Harold and April,

Per your email and our telephone conference yesterday, you shared information concerning the filing dates with the Tennessee Comptroller's office of the Utilities' and the City of Etowah's audited annual financial reports for the fiscal year 2017, 2018, 2019 and 2020. These dates were made known to the both of you by correspondence with a Tennessee Department of Environment and Conservation representative. We have reviewed the delinquency dates noted for both entities' reports and I specifically discussed with the both of you today the reasons for the Utilities delinquencies in reporting.

As you both know we normally have agreed to conduct the audit and issue our reports by November 30th following the annual fiscal year end to facilitate the inclusion of the Utilities reporting in the City combined reporting as the primary government even though the Comptroller's office indicates in their contract document they allow until December 31st. Both the 2017 and 2018 fiscal year release date would have met the Comptroller's office's allowed date for filing had the later date been chosen. The following two years of 2019 and 2020 were filed in January of the following year. We encountered difficulties in 2019 completing the engagement due to the holidays of Thanksgiving and Christmas schedules for both our employees and the Utilities employees. The 2020 report was delayed, as it was for many entities; by Covid 19 protocols. This caused delays for our onsite fieldwork and completion of the audit by our employees and your employees. In some instances, our employees were actually being quarantined or awaiting test results as you all probably experienced with your staff.

We are committed to completing the 2021 reporting on timely basis. We have and you have agreed to allow us to move our onsite final audit fieldwork dates up into the months of August and September. This will allow us to begin drafting the financial statements and reporting schedules for your review and approval during October 2021. I believe this will allow us to complete and release the regular financial reporting document and our audit reports no later than the month of November 2021. Going forward into 2022 we suggest completing our fieldwork by September and completing and finishing the release of the annual financial statements and our audit reports during October 2022.

I have spoken to the current City Finance Director/Recorder, Alison Bull, concerning the audit fieldwork schedules and delinquencies existing with City financial reporting for the same prior periods as discussed above. As you know there was a change in financial management at the City between 2018 and 2019. The prior City Finance Director was late closing the City accounting records for the year and responded very slowly to all data request. These issues contributed greatly to the delinquent filings of reports in 2017 and 2018. We made great strides with the change in 2019 and improved the timeliness of the City's financial reporting with plans to improve the 2020 reporting schedule even more. Unfortunately, we experienced the same delay issues at the City with Covid 19 protocols. There were Covid 19 delays for our onsite audit fieldwork at the City and City School System with both our personnel and the City's staff. I have discussed these audit timing issues with Alison Bull today and we have agreed to move forward the onsite final audit fieldwork dates for 2021 from October 2021 to September 2021 at the City. Our goal is to improve the final reporting release date by several months. Alison has made great improvements in the financial reporting systems at the City. We are committed to completion of the 2021 financial reporting by December 2021, but no later than January 2022. Also, with assistance from Alison and the City's staff, we believe the 2022 annual financial report will be filed timely by December 2022.

I hope this information assists you in responding to inquiries concerning the Utilities' and City's plans for timely reporting of future annual financial reports to the Tennessee Comptroller's office. We thank you for allowing us to serve the Utilities by providing financial audit services and consultations concerning various accounting matters.

With best regards,

Frank D. McDaniel, CPA

Frank D. McDaniel, CPA, CGFM, CGMA
Partner, Brown Jake & McDaniel, CPAs

CC: Alison Bull, City Finance Director/Recorder
Eva Valentine, Interim City Manager

Etowah Utilities

PHONE (423) 263-9441
OFFICE FAX (423) 263-9444
WAREHOUSE FAX (423) 263-2392
TOLL FREE (877) 224-9441

1313 S. TENN. AVE.
POST OFFICE BOX 927
ETOWAH, TN 37331-0927
www.eubnet.org

August 4, 2021

Ms. Sushuma Pedireddi, Grants Analyst 3
State Revolving Fund Loan Program
State of Tennessee
Department of Environment and Conservation
312 Rosa L. Parks Avenue
Nashville, TN 37243

Dear Ms. Pedireddi,

Per your inquiry concerning the timeliness of the Utilities annual financial reporting to the Tennessee Comptroller's office we have entered into discussions with our financial audit Firm, Brown Jake & McDaniel, PC, CPAs. Together with the Firm we have reached a consensus on a plan to expedite the Utilities annual financial reporting for our fiscal year ending June 30, 2021 and beyond. We have attached a correspondence letter from our audit Firm outlining the explanations concerning the Utilities prior financial reporting filing dates and our plan going forward for improvement.

A representative of the audit Firm has also been in contact with City officials to address similar issues and their plan for more timely financial reporting to Tennessee Comptroller's office. The City's plan is outlined in the same correspondence letter attached.

We appreciate your patience as we all have dealt with the Covid 19 pandemic over the last 16 months and the unprecedented issues it has caused. Should you need any further information or explanation relating to the annual reporting timeliness issues or items in the attached correspondence letter from our audit Firm please do not hesitate to contact us.

With kind regards,

H. Harold Masengil

Harold Masengil, General Manager
Etowah Utilities

CC: April Preston, Financial Superintendent
Eva Valentine, Interim City Manager
Alison Bull, City Finance Director/Recorder

FACT SHEET
August 23, 2021

Borrower:	Arthur-Shawanee Utility District
Project Number:	DW8 2021-243[1]
Requested SRF Funding:	$275,000
Term:	20 years
Rate:	0.66% = 1.10% x 60% (Tier 2)

Project:

Distribution System Improvements - (Construction of a new 400,000 gallon water storage tank in the Powell Valley/Speedwell Area; installation of approximately 7,500 LF of 10-inch diameter PVC supply waterlines; and modifications to the existing pressure reducing station).

Total Project Cost:	$ 1,075,000
Project Funding:	
SRF Loan Principal (80%)	$ 220,000
Principal Forgiveness (20%)	$ 55,000
Local Funds (A.R.C. Grant)[2]	$ 500,000
Other Funds (DW7 2020-226)	$ 300,000

County:	Claiborne County
Consulting Engineer:	Vaughn & Melton Consulting Engineers, Inc.
Priority Ranking List:	FY 2019
Priority Ranking:	13 of 43[3]
Public Meeting:	5/21/2020

Financial Information:

Operating Revenues:	$ 1,974,259
Current Rate:	$ 54.56
Financial Review Rate:	$ 54.56
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	3,605
Audit Report Filed:	11/9/2020 (Timely)
Initial Financial Sufficiency Review:	5/5/2021

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

[1] This is a companion loan for DW7 2020-226.
[2] Appalachian Regional Commission Grant (ARC).
[3] The Project ranked #13 out of 43 on the Fiscal Year 2019 Priority Ranking List (PRL).

FACT SHEET
August 23, 2021

Additional Security

A security deposit equal to one year's maximum annual debt service is required to be deposited with the TLDA before any funds are disbursed to the borrower. The anticipated required security deposit for this loan is $11,745.

REPRESENTATION OF
LOANS AND SECURITY DEPOSIT
ARTHUR-SHAWANEE UTILITY DISTRICT
DW8 2021-243

As security for payments due under a SRF loan agreement, a local government pledges user fees and charges and further pledges such other additional available sources of revenues as are necessary to meet its obligations under a SRF agreement. Prior to the first disbursement on a loan, a local government is required to deposit with the TLDA an amount of funds equal to the maximum annual debt service (MADS) as additional security for such loan.

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

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Water	DW7 2020-226	$220,000	$60,000	$12,744

*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 required security deposit(s) for previously approved SRF loan(s) is $12,744.

b. The local government is applying for the following State Revolving fund loan(s):

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DW8 2021-243	0.66%	$220,000	$55,000	$11,745

The total anticipated security deposit(s) for the proposed loan(s) is $11,745.

c. The total MADS (a+b) is $24,489.

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 15th day of June, 2021.

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

LOCAL GOVERNMENT

BY: ______________________

Eric Garland, Manager

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

ARTHUR-SHAWANEE UTILITY DISTRICT

DW8 2021-243

Pursuant to Tenn. Code Ann. § 9-21-151, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-151 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that they may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

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

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

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

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

The applicant, Arthur-Shawanee Utility District, 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.

6-15-21

Eric Garland, Manager | Date

August 17, 2021

Metropolitan Government of Nashville and Davidson County
Request for TLDA Approval to Issue Additional Debt

The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") is requesting approval from the Tennessee Local Development Authority (the "TLDA") to issue water and sewer revenue bonds (the "Bonds") on parity with its outstanding State Revolving Fund (SRF) loan agreements. Request for approval is required by provisions set forth in the SRF loan agreement and guidelines set forth in the TLDA/SRF Policy and Guidance for Borrowers. The proposed debt will be issued in an amount not to exceed $815,000,000.

The following provides details about the transaction:

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 _X_ No

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

2. Lien Position:

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

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

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

3. The purpose of the proposed debt issuance is:

_X__ Refunding
_X_ New Money

4. Description and Additional Information:
The Bonds will be used as follows:

- Approximately $250 million of bond proceeds would be used to refund the Metropolitan Government's Series 2013 Bonds for debt service savings.
- Approximately $275 million of bond proceeds would be used to retire outstanding commercial paper.
- Approximately $175 million would be used to fund capital projects for the water and sewer system.

The anticipated net present value (NVP) savings on the refunded bonds is $32,246,422 or 13.89%.

The Bonds would be payable from and secured by a senior lien on, the net revenues of the Metropolitan Government's water and sewer system (the "System"), on parity with its SRF Loans as well as the Metropolitan Government's Series 2010, 2013, 2017 and 2020 Water and Sewer Revenue Bonds.

The Bonds will be sold by negotiated sale to an underwriting team lead by UBS Financial Services Inc. The Bonds will not be general obligations of the Metropolitan Government. As such, the Metropolitan Governments states that it is important that the Bonds be issued on a senior lien basis relative to System revenues – on parity with the SRF Loans and other outstanding debt. The Metropolitan Government believes that the additional interest expense payable on subordinate lien debt obligations would be cost-prohibitive.

5. The debt rating of the borrower is:

Please indicate N/R if not rated.

_Aa2_ Moody's
_AA_ Standard and Poor's
_N/R_ Fitch

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

Borrower	Metropolitan Governemnt of Nashville & Davidson County						
Date	6/30/2021						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @6/30/21	MADS*
Water	DG8 20-223	Approved	-	$ 5,000,000	-	-	$ 266,670
Water	DWF 20-224	Approved	-	$ 27,493,000	-	-	$ 1,509,917
Sewer	SRF 20-446	Approved	-	$ 11,600,000	-	-	$ 637,073
							$ 2,413,660

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

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

__ Yes ____ No N/A - no funds have been disbursed

b. **Security Deposit (UDs and Authorities)** [8.] N/A

__ Yes ____ No

Amount on deposit:

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

_X_ Yes __ No

The Metropolitan Government filed its audited financial statements for the fiscal year ended June 30, 2020, with the Division of Local Government Audit within six months after the fiscal year end.

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

_X_ Yes __ No

For the fiscal year ended June 30, 2020, the Metropolitan Government's audited financial statements reflected operating income of $46,407,558, and a positive change in net position of $27,176,767, for the Department of Water and Sewerage Services Fund (the "Fund"). As reported on the cash flow statement, debt service payments for fiscal year 2020 were $82,924,978 consisting of principal payments of $39,120,000 and interest payments of $43,804,978.

As of the fiscal year ended June 30, 2020, the Fund reported $130,008,389 in unrestricted cash and cash equivalents and $262,927,497 in restricted cash and cash equivalents.

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

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.

_X_ Yes ___No

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

Most Recent Fiscal Year (m)(3):

The debt service coverage ratio is projected by the Metropolitan Government at 2.87x for the fiscal year ended June 30, 2021. Repayment for the new debt is projected to begin in fiscal year 2022. Because the initial year of debt service should only include interest, we have included ratios through 2025 below.

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

The Metropolitan Government's prepared forecasted debt service coverage ratios for its Water and Sewerage Services Fund and projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 2.47x to 1.96x for fiscal years 2022 through 2025.

The Metropolitan Government has met the debt service coverage requirements.

Source of debt service coverage ratios provided by the Metropolitan Government.

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

_X__ Yes ___ No

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

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

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

$	113,626,250	Received in prior fiscal year
$	2,413,660	Total Maximum Annual Debt Service
$	111,212,590	Unobligated SSTs

9. Conclusion

Based on our analysis, it appears the Metropolitan Government meets the TLDA's criteria to issue the Bonds on parity with its SRF loans.

Attachments:
Debt Service Coverage Ratios

City of Nashville | Metro Water Service
Financial Planning Model
Pro-forma Includes Projected Debt Service

	2021	2022	2023	2024	2025	2026	2027
	Unaudited	*Budget*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
Operating Revenues (1)	$ 262,946,348	$ 271,871,673	$ 282,531,446	$ 293,618,464	$ 303,898,017	$ 312,756,267	$ 321,872,630
Non-Operating Revenues	49,860,827	51,522,640	51,524,807	52,590,785	53,699,486	54,727,442	55,613,267
Total Revenues	$ 312,807,175	$ 323,394,313	$ 334,056,253	$ 346,209,249	$ 357,597,503	$ 367,483,708	$ 377,485,896
Operating Expenses:							
Excludes PILOT	121,335,755	138,715,100	142,532,992	146,446,314	150,457,471	154,568,908	158,783,132
Net Revenues (2)	$ 191,471,420	$ 184,679,213	$ 191,523,261	$ 199,762,935	$ 207,140,032	$ 212,914,800	$ 218,702,764
Debt Service on Second Lien Bonds (3)	46,811,224	$ 55,939,369	$ 85,663,802	$ 89,193,850	$ 103,269,471	$ 115,953,228	$ 136,903,598
Debt Service on SRF Loans/Subordinate Seres (4)	19,844,125	18,768,000	-	-	-	-	-
Total Debt Service	$ 66,655,349	$ 74,707,369	$ 89,266,268	$ 91,407,609	$ 105,630,781	$ 117,494,900	$ 137,904,697
Extension and Replacement Fund Balance	$ 274,739,169	$ 257,961,013	$ 225,780,462	$ 223,637,806	$ 214,918,779	$ 192,918,266	$ 185,066,936
Debt Service Coverage Ratio for Second Lien Bonds (5)	4.09	3.30	2.24	2.24	2.01	1.84	1.60
Total Debt Service Coverage (6)	2.87	2.47	2.15	2.19	1.96	1.81	1.59

1) Includes retail user charge revenue from water and sewer customers.
2) Net Revenues as defined by the Bond Resolution. Payment in lieu of taxes is not included in operating expenses per Resolution.
3) System Second Lien bonds include all outstanding Second Lien debt service as well as Proposed/Projected debt issuances detailed below:
- Proposed Series 2020 SRF Loan's 223, 224 & 446
- Proposed Water and Sewer Revenue Bonds, Series 2021A and Revenue Refunding Bonds 2021B
- Projected Series 2023 W&S Revenue Bonds (44% WIFIA, 54% Revenue Bond, 2% Cash-Funded)
- Projected Series 2024 W&S Revenue Bonds ($250M, 30 years, 4%)
- Projected Series 2026 W&S Revenue Bonds ($250M, 30 years, 4%)

4) The Subordinate Series 2012 Bonds are anticipated to be defeased in September 2021.
5) Net Revenue divided by debt service on the Second Lien Bonds
6) Net Revenue divided by the debt service on all debt

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

August 12, 2021

VIA E-MAIL (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, 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 Consent to Issue Additional Water and Sewer Revenue Bonds on Parity with the SRF Loans

Dear Sandi:

The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") intends to issue up to $815,000,000 of water and sewer revenue bonds (the "Bonds") for the purposes set forth below. The Bonds would be payable solely from and secured solely by a senior lien on the net revenues of the Metropolitan Government's water and sewer system (the "System"), on parity with the SRF Loans referenced above, as well as the Metropolitan Government's Series 2010, 2013, 2017 and 2020 Water and Sewer Revenue Bonds. Pursuant to the TLDA's guidelines, we hereby request that the TLDA consent to the issuance of the Bonds on parity with the SRF Loans.

The Bonds will be sold by negotiated sale to an underwriting team lead by UBS Financial Services Inc. The Bonds would be structured as set forth in the financial reports included herewith as Exhibit A. Approximately $250 million of bond proceeds would be used to refund the Metropolitan Government's Series 2013 Bonds for debt service savings. Approximately $275 million of bond proceeds would be used to retire outstanding commercial paper and $175 million to fund capital projects for the System. An anticipated Sources and Uses table is included in Exhibit A.

The Bonds will not be general obligations of the Metropolitan Government. As such, it is important that the Bonds be issued on a senior lien basis relative to System revenues – on parity with the SRF Loans and other outstanding debt. The Metropolitan Government believes that the additional interest expense payable on subordinate lien debt obligations would be cost-prohibitive.

The Metropolitan Government cites the following factors in favor of this request:

1. The Metropolitan Government is in compliance with the terms of the SRF Loan Agreements.
2. The Metropolitan Government's authorized and outstanding SRF debt is attached as Exhibit B.
3. The Metropolitan Government has never failed to timely repay its SRF Loans.

4. The Metropolitan Government has filed its audited financial statements with the Division of Local Government Audit in a timely manner.
5. Current and pro forma debt service coverage is attached as Exhibit C.
6. The rights and lien position of the TLDA relative to the SRF Loans will not be affected.

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

Thank you for considering our request.

Yours truly,

Executive Summary

Structuring Goals

- Metro intends to issue water and sewer revenue bonds and is requesting consent to issue bonds on parity with the SRF loans
- There will be two Series:
  - Series 2021A Taxable Refunding of Series 2013 bonds
  - Series 2021B Tax-Exempt New Money

Exhibit A

Sources and Uses

Sources:	Series 2021A T.E. New Money	Series 2021B Tax. Ref of s2013	Defeasance of Series 2012	Total
Bond Proceeds:				
Par Amount	364,565,000.00	241,950,000.00		606,515,000.00
Premium	87,588,891.20			87,588,891.20
	452,153,891.20	241,950,000.00		694,103,891.20
Other Sources of Funds:				
Debt Service Fund		2,770,806.67		2,770,806.67
Debt Service Reserve Fund		2,328,136.23		2,328,136.23
Equity Contribution			25,305,813.06	25,305,813.06
		5,098,942.90	25,305,813.06	30,404,755.96
	452,153,891.20	247,048,942.90	25,305,813.06	724,508,647.16

Uses:	Series 2021A T.E. New Money	Series 2021B Tax. Ref of s2013	Defeasance of Series 2012	Total
Project Fund Deposits:				
Commercial Paper Takeout	275,000,000.00			275,000,000.00
New Money Projects	175,000,000.00			175,000,000.00
	450,000,000.00			450,000,000.00
Refunding Escrow Deposits:				
Cash Deposit		0.08	0.06	0.14
SLGS Purchases		245,669,395.00	25,305,813.00	270,975,208.00
		245,669,395.08	25,305,813.06	270,975,208.14
Delivery Date Expenses:				
Cost of Issuance	449,607.96	304,092.04		753,700.00
Underwriter's Discount	1,701,584.75	1,071,626.25		2,773,211.00
	2,151,192.71	1,375,718.29		3,526,911.00
Other Uses of Funds:				
Additional Proceeds	2,698.49	3,829.53		6,528.02
	452,153,891.20	247,048,942.90	25,305,813.06	724,508,647.16

Exhibit B

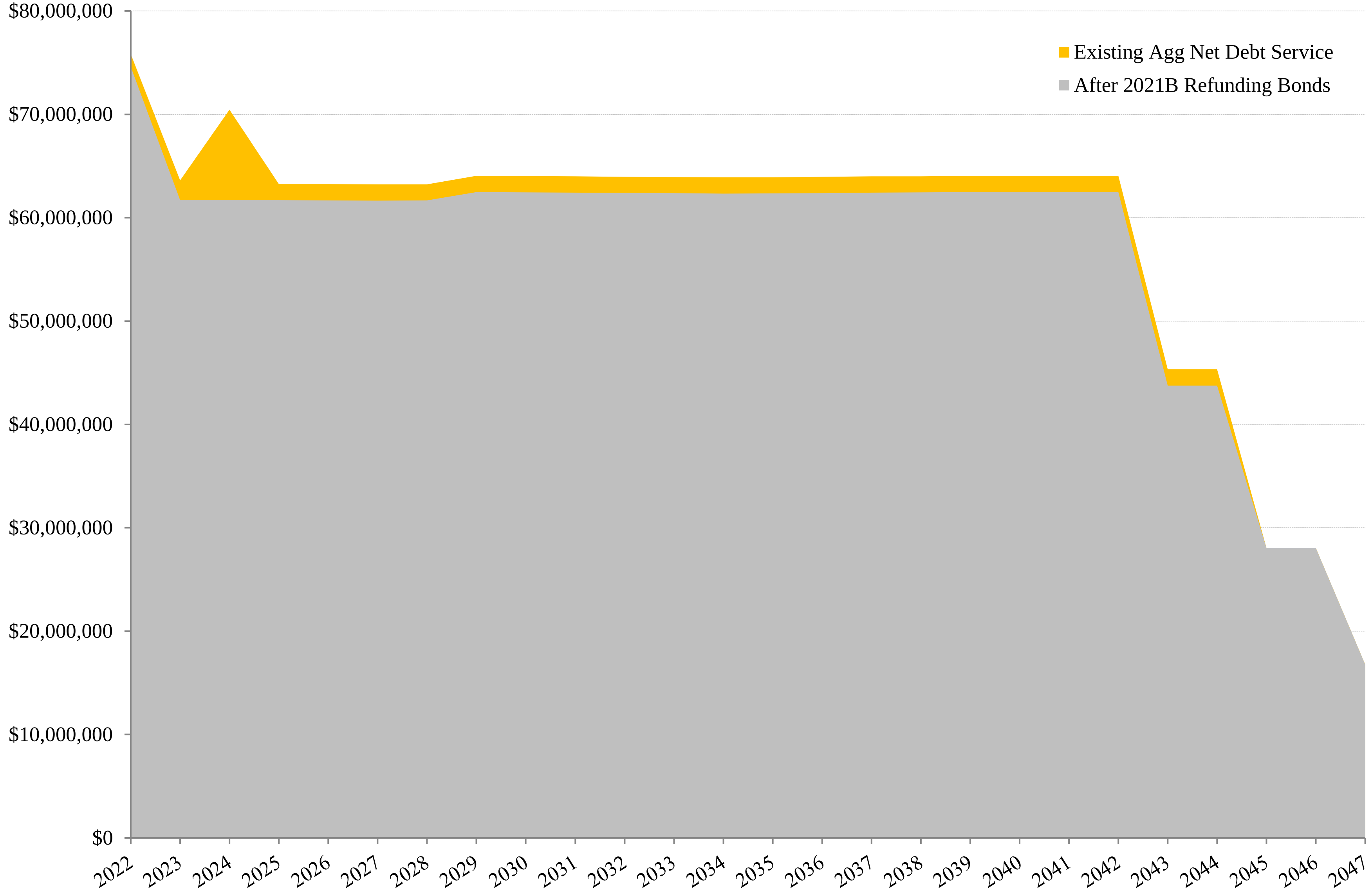
Aggregate Cash Flow Summary – Water and Sewer Revenue Bonds 2021B [1]

Fiscal Year End (June 30)	All Outstanding Debt Service (2)	Refunded Debt Service	Refunding Debt Service (3)	Debt Service (Savings) or Increase (4)	All Debt Service Post 2021B Refunding (5)
2022	$ 75,831,556	$ 2,618,963	$ 1,380,583	$ (1,238,380)	$ 74,593,176
2023	63,616,931	10,963,100	9,044,850	(1,918,250)	61,698,681
2024	70,460,981	17,817,350	9,043,655	(8,773,696)	61,687,285
2025	63,258,781	17,285,475	15,719,652	(1,565,824)	61,692,957
2026	63,241,831	17,284,475	15,717,207	(1,567,268)	61,674,563
2027	63,223,431	17,285,475	15,715,727	(1,569,748)	61,653,683
2028	63,233,837	17,282,600	15,713,911	(1,568,689)	61,665,149
2029	64,040,439	17,279,300	15,711,070	(1,568,230)	62,472,209
2030	64,018,317	17,283,875	15,714,338	(1,569,538)	62,448,780
2031	63,993,312	17,281,125	15,712,899	(1,568,226)	62,425,085
2032	63,960,419	17,280,750	15,711,344	(1,569,406)	62,391,012
2033	63,934,049	17,281,500	15,713,879	(1,567,621)	62,366,428
2034	63,908,279	17,282,125	15,714,660	(1,567,465)	62,340,814
2035	63,914,217	17,281,375	15,712,848	(1,568,528)	62,345,690
2036	63,952,914	17,282,875	15,717,434	(1,565,441)	62,387,473
2037	63,997,595	17,285,125	15,717,356	(1,567,769)	62,429,826
2038	64,014,099	17,281,750	15,713,705	(1,568,045)	62,446,054
2039	64,045,531	17,281,250	15,715,630	(1,565,620)	62,479,911
2040	64,056,041	17,281,875	15,715,555	(1,566,320)	62,489,721
2041	64,048,851	17,282,800	15,713,180	(1,569,620)	62,479,231
2042	64,053,835	17,281,800	15,713,130	(1,568,670)	62,485,165
2043	45,329,944	17,283,400	15,717,303	(1,566,098)	43,763,846
2044	45,329,000	17,283,900	15,714,863	(1,569,038)	43,759,963
2045	28,041,500	-	-	-	28,041,500
2046	28,048,775	-	-	-	28,048,775
2047	16,779,250	-	-	-	16,779,250
Total	$ 1,522,333,712	$ 377,052,263	$ 333,764,776	$ (43,287,487)	$ 1,479,046,225

(1) All of Fiscal Year 2022 principal has been paid.
(2) Net of Federal Subsidy payments associated with the outstanding Build America Bonds.
(3) Assumes Aa2/AA uninsured rates as of July 21, 2021 plus 25 bps.
(4) Total Net Present Value Savings of $32,246,421.62, including $576.45 of bond rounding proceeds, represents 13.89% of refunded par amount.
(5) Excludes the New Money issuance Series 2021A.

Exhibit B

Aggregate W&S Debt Impact from 2021B Refunding (1)



(1) Excludes the New Money issuance Series 2021A.

TENNESSEE
COMPTROLLER
OF THE TREASURY

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

April 16, 2018

Mr. Scott Potter, Director
Metro Water Services
1600 2nd Ave N.
Nashville, TN 37208

Dear Mr. Potter,

Metro Water Services' financial case was heard at the March 29, 2018, Water & Wastewater Financing Board (hereafter the "Board") meeting. Per the Board's actions, please see the attached order.

If you need further assistance or have any questions, please feel free to contact me at (615) 747-5260 or utilities@cot.tn.gov.

Sincerely,

John Greer
Technical Secretary

Enclosure
cc: (w/o encl.) The Honorable David Briley

BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

IN THE MATTER OF:

T.C.A. § 68-221-1010—FINANCIAL DISTRESS
METRO NASHVILLE – DAVIDSON COUNTY WATER SERVICES DEPARTMENT

ORDER

Pursuant to T.C.A. § 68-221-1010, the Tennessee Water and Wastewater Financing Board (the "Board") on March 29, 2018 reviewed the financially distressed status of the Metro Nashville – Davidson County water and sewer ("Metro Nashville") fund. Based on the deficiencies in Metro Nashville's water and sewer fund, the Board directs Metro Nashville to comply with the following:

1. Metro Nashville shall provide an update to Water and Wastewater Financing Board staff with the completed Raftelis rate study, and the implemented or proposed plan of action on or before August 31, 2019.
2. Metro Nashville shall provide an interim update to Water and Wastewater Financing Board staff on the Raftelis rate study on or before August 31, 2018.

Entered this 17th day of April 2018.

Ann V. Butterworth, Chair
Water and Wastewater Financing Board

BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

IN THE MATTER OF:	)	
	)	
	)	
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY	)))	**TENN. CODE ANN. § 68-221-1010 -FINANCIAL DISTRESS**
	)	

ORDER

On November 21, 2019, the Tennessee Water and Wastewater Financing Board ("the Board") reviewed the financially distressed status of the Metropolitan Government of Nashville and Davidson County ("Metro Nashville") pursuant to Tenn. Code Ann. § 68-221-1010. Staff informed the Board that Metro Nashville has complied with the Board's previous order. Raftelis Financial Consultants, Inc. completed a cost of service study. As of the Board's meeting, Metro Nashville had passed the resulting recommended rates on second reading of Ordinance BL-19-45. Staff informed the Board that since April 2018, the water and sewer funds were being used to pay general fund debt, forcing the water and sewer department to cut much-needed maintenance and capital projects. Metro Nashville Water Services Director Scott Potter and Assistant Director for Finance Amanda Deaton-Moyer addressed the Board, expressing gratitude to Staff and the Board and indicating that they were pleased with the rate study. Therefore, based on Staff's statements, recommendations, and all supporting documentation, the Board hereby orders the following:

1. Metro Nashville shall enact Ordinance BL-19-45, as amended, to go into effect no later than January 1, 2020.
2. Metro Nashville shall not adopt rates or fees lower than those listed in the amendment to Ordinance BL-19-45 as of second reading.

3. Metro Nashville shall ensure that all funds, restricted and unrestricted, held or maintained for use in connection with the water and sewerage systems, are available for their intended and required purposes at all times.
4. Metro Nashville shall send financial updates to Board staff by March 1st and September 1st of each year, beginning March 1, 2020, until the Board releases Metro Nashville from its oversight.

ENTERED this 4th day of December, 2019.

Ann V. Butterworth

ANN V. BUTTERWORTH, Chair
Water and Wastewater Financing Board

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via certified mail return receipt requested to the following on this 4th day of December, 2019:

Mayor John Cooper
1 Public Square
Nashville, TN 37201

Mr. Scott Potter
Director
Metro Water Services
1600 2nd Ave. North
Nashville, TN 37208

Rachel E. Buckley
Counsel to the Board

October 15, 2019

Mr. Scott Potter
Utility Director
MWS Services
Nashville and Davidson County
1600 2nd Avenue North
Nashville, TN 37208

Subject: REVISED Executive Summary and Appendices for the Water and Sewer Financial Plan and Cost of Service Study Report

Dear Mr. Potter,

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Revised Executive Summary and Appendix for the Water and Sewer Financial Plan and Cost of Service Study for the Nashville and Davidson County Metro Water Services (MWS).

The Water and Sewer Financial Plan and Cost of Service Study Report results dated August 27, 2019 were based on MWS' fiscal year budget cycle of July to June. The original COS analysis assumed a fiscal year implementation of retail rates starting July 1, 2019 for FY2020. Based on the delayed timing of the implementation of rate adjustments to January 1, 2020, larger rate increases are needed than those that are shown in the original report. Given that the rates will only be in place for half the year, and the resulting deficit that would be created by having the revised rates in place for less time, the initial rate increase was revised to match the recommended FY 2021 rates proposed in the original report. Additionally, future rate increases in the original report assumed July 1 (fiscal year) implementation. The rates shown in this Revised Executive Summary reflect the adjustments from fiscal year to calendar year annual increases.

The information and results presented in the Water and Sewer Financial Plan and Cost of Service Study Report have not changed, however, the recommendations from the Report have been updated to reflect MWS's rate implementation timing.

It has been a pleasure working with you, and we thank you and MWS staff for the support provided during the course of this study.

Sincerely,

Melissa Levin
Senior Manager

227 W. Trade Street, Suite 1400
Charlotte, NC 28202
www.raftelis.com

Executive Summary

Metro Water Services of Nashville and Davidson County (MWS) engaged Raftelis to perform a water and sewer financial planning and cost of service evaluation (Study) to support water and sewer rate recommendations according to commonly-accepted industry practices. The goals and objectives of the Study, as identified by MWS Staff, include developing a thorough understanding of the following items:

- The costs of providing water and sewer service to different customer classes
- Alignment of revenues under the existing rates with the costs of providing service
- Options for implementing tiered residential rates and the impacts of doing so
- Maintaining affordability of service for customers
- Multi-year water and sewer rate projections that support long-term financial needs.

At approximately the same time as MWS' engagement of Raftelis to perform the Study, the Tennessee Comptroller of the Treasury referred MWS to the Water and Wastewater Financing Board (WFFB). The WWFB found MWS' water and sewer fund to be "financially distressed" and directed MWS to provide a completed rate study and the implemented or proposed plan of action to address noted financial deficiencies on or before August 31, 2019.

BACKGROUND

For the past 20 years, MWS' water and sewer rates have been among the lowest for large metropolitan areas in the United States. Prior to the implementation of a three-year programmatic rate increase in 2009, the last time a water rate increase had been proposed and approved was in 1995, with a sewer rate increase in 1996. Water rates were subsequently reduced by 25% for residential customers and a lesser amount for commercial customers in 1999. Since 2011, water and sewer rates have not been adjusted.

MWS has relied on its system growth to provide sufficient revenue to fund utility operations and capital improvement costs, however, the sustained population and service area growth Nashville has experienced over the last two decades, along with increasing regulatory considerations, has required MWS to make substantial and costly infrastructure upgrades. In addition, in March 2009, the Metropolitan Government of Nashville and Davidson County entered a Consent Decree that requires an estimated $1.5 billion in investment to bring the system into compliance with EPA's CSO Control Policy and minimize System Sewer Overflows.

MWS has reached the point where its capital and operational needs far exceed its expected revenue generation; its existing water and sewer rates no longer suffice.

STUDY FINDINGS AND RECOMMENDATIONS

Revenue Sufficiency Under Existing Rates

Raftelis developed a financial plan for MWS that summarizes anticipated revenues and system expenditures for a five-year forecast period (FY 2020 through FY 2024). The financial plan identifies a baseline by calculating potential revenue shortfalls under MWS' existing rates and provides an indication of the additional revenues necessary to support the financial health of the utility.

Based on the financial plan, the level of revenues projected to be generated from MWS' existing rates are insufficient. The figure below shows projected water and sewer operating expenses, debt service, and capital funding in relation to projected revenues under current rates. If FY 2019 rates are held through FY 2024, annual net revenues will be nearly $45 million short in FY 2020 and will increase to an over $94 million shortfall in FY 2024.

Jason E. Mumpower
Comptroller

August 9, 2021

Paris Utility Authority
Request for TLDA Approval to Issue Additional Debt

The Paris Utility Authority (the "Authority") is requesting approval from the Tennessee Local Development Authority (the "TLDA") to issue a USDA Waterworks Revenue Bond (the new "Bond") on parity with its outstanding State Revolving Fund (SRF) loan agreements. Request for approval is required by provisions set forth in the SRF loan agreements 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 $7,200,000.

The following provides details about the transaction:

1. The requestor is a:

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

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

2. Lien Position:

_X__ The borrower is requesting to issue the new Bond on parity with its outstanding SRF loan(s).
_____ The borrower is requesting to subordinate the lien position of its outstanding SRF debt to the lien position of its new debt issuance.
_____ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.

.

3. The purpose of the proposed debt issuance is:

___ Refunding

_X_ New Money *(The new Bond would be issued by the Authority to the USDA in exchange for cancellation of the $7,200,000 Water Revenue and Tax Bond, dated June 4, 2020 (the "USDA Bond") issued by the City of Paris (the "City")*

4. Description and Additional Information:

The City previously owned the water and sewer system (the "System") and the Board of Public Utilities of the City of Paris (the "Board") operated the System on behalf of the City. On May 18, 2021, the City, the Board, and the Authority entered into an Assignment and Assumption Agreement, whereby the City and the Board agreed to {i) sell the assets of the System to the Authority and (ii) assign the City's outstanding debt related to the System. Pursuant to the Assignment and Assumption Agreement, the Authority has agreed to assume the USDA Bond by issuing to the USDA, holder of the USDA Bond, the new Bond with terms identical to those set forth in the USDA Bond, except that the new Bond issued by the Authority will be secured solely by a pledge of revenues of the System.

At its June 9, 2020, meeting the TLDA approved the transfer of the SRF loans from the City to the Authority, effective July 1, 2020. At the same meeting, the TLDA approved the Authority's request to issue three new bonds (to refund existing capital outlay notes issued by the City) and a water/sewer revenue bond on parity with its SRF loans. The proposed new Bond would be on parity with the Authority's outstanding Water and Sewer Revenue Bond, Series 2020A, dated June 30, 2020, Water and Sewer Revenue Bond, Series 2020B, dated June 30, 2020, Water and Sewer Revenue Bond, Series 2020C, dated June 30, 2020, and Water and Sewer Revenue Bond, Series 2020D, dated June 30, 2020, and the Authority's outstanding SRF loans. The Authority stated in its request letter that issuing the proposed new Bond on parity with its SRF loans is important to the Authority and the public because it will preserve the Authority's future ability to issue senior lien debt, and therefore result in lower cost for the benefit of its water and sewer system.

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:

Borrower	Paris Utility Authority						
Date	7/27/2021						
Loan Type	**Loan #**	**Status**	**Disbursements**	**Available to Draw**	**% Principal Forgiveness**	**Edison Balance @7/27/21**	**MADS***
Sewer	SRF 17-382	Repayment	$ 3,600,000	-	-	$ 3,520,006	$ 148,678
Sewer	CW5 17-381	Repayment	$ 1,500,000	-	15%	1,150,713	52,656
Water	DW4 15-163	Repayment	$ 2,500,000	-	25%	1,544,717	106,416
Water	DWF 15-164	Repayment	$ 950,000	-	-	768,021	53,916
Water	DWF 16-178	Repayment	$ 499,654	-	-	449,515	27,180
Water	DWF 17-195	Repayment	$ 750,000	-	-	636,917	42,120
							$ 430,966

7. Compliance with SRF Loan Agreement:

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

_X_ Yes ____ No

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

__X__ Yes ____ No

Amount on deposit: $430,966

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

The City of Paris Board of Public Utilities timely filed its audit report for FY 2020. The first audit for Paris Utility Authority will be FY 2022.
The FY 2021 audit is not due until December 31, 2021, and it will be filed by the City of Paris BPU.

_X__ Yes ___ No

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

__X__ Yes ____ No

Sewer System
For the fiscal year ended June 30, 2020, the sewer system reported operating income of $583,718 and an increase in net position of $457,411. As reported on the Statement of Cash Flows, debt service payments for fiscal year 2020 were $292,918 (consisting of principal payments of $209,259 and interest payments of $83,659).

Water System
For the fiscal year ended June 30, 2020, the water system reported operating income of $595,532 and an increase in net position of $515,051. As reported on the Statement of Cash Flows, debt service payments for fiscal year 2020 were $447,113 (consisting of principal payments of $364,813 and interest payments of $82,300).

The above information is from the fiscal year 2020 audited financial statements for the Board of Public Utilities for the City of Paris.

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

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

If no, include a schedule of revised rates and fees. ___ Included _X_ N/A
Most Recent Fiscal Year (m)(3):

<u>Sewer System</u>
The debt service coverage ratio is projected at 3.1x for the fiscal year ended June 30, 2021. Repayment for the new debt is projected to begin in fiscal year 2022.

<u>Water System</u>
The debt service coverage ratio is projected at 2.4x for the fiscal year ended June 30, 2020. Repayment for the new debt is projected to begin in fiscal year 2021. However, the request letter notes the first payment will be in fiscal year 2022. Accordingly, we have included ratios through 2024 below.

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

The Authority's projected debt service ratio for the next three fiscal years after debt issuance is as follows:

<u>Sewer System</u>
FY 2022 – 1.3x
FY 2023 – 1.3x
FY 2024 – 1.6x

<u>Water System</u>
FY 2021 – 1.4x
FY 2022 – 1.3x
FY 2023 – 1.3x
FY 2024 – 1.4x

Source of debt service coverage ratio information:

Statement of Revenues, Expenses, and Changes in Net Assets Schedules provided by the Authority.

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

____ Yes _X__ No

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

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

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

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

9. Conclusion

Based on our analysis, it appears the Authority meets the TLDA's criteria to issue the new Bond on parity with its SRF loans. Therefore, we recommend TLDA's approval for the Authority to issue the new Bond.

Attachment:

Debt Service Coverage Ratios (provided by the Authority)

Paris BPU
Statement of Revenues, Expenses and Changes in Net Assets **SEWER**

	Projected FY2027	Projected FY2026	Projected FY2025	Projected FY2024	Projected FY2023	Projected FY2022	Projected FY2021	Projected FY2020	[redacted]	Audited 2019
Operating Revenues:										
Projected Revenue Increase>>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.73%	26.40%		
Sewer Charges	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,635,458		$ 2,327,087
										$ -
Uncollectable Accounts										$ (2,743)
Other										$ -
Total Operating Revenues:	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,635,458		$ 2,324,344
$ revenue increase over preceding year >>	$ -	$ -	$ -	$ -	$ -	$ -	$ 124,650	$ 523,761		$ 107,969
% increase of revenue over preceding year >>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	25.4%		4.9%
Operating Expenses:										
Anticipated effective increase from CPI>>	2%	2%	2%	2%	2%	2%	2%	2%		
Sewer Division										
Treatment	$ 860,719	$ 843,842	$ 827,296	$ 811,074	$ 795,171	$ 779,579	$ 764,293	$ 749,307		$ 734,615
Collection	$ 483,577	$ 474,095	$ 464,799	$ 455,685	$ 446,750	$ 437,990	$ 429,402	$ 420,983		$ 412,728
Administration	$ 397,208	$ 389,419	$ 381,784	$ 374,298	$ 366,959	$ 359,763	$ 352,709	$ 345,793		$ 339,013
Taxes	$ 49,746	$ 48,771	$ 47,815	$ 46,877	$ 45,958	$ 45,057	$ 44,173	$ 43,307		$ 42,458
Other Operating Costs	$ 3,268	$ 3,204	$ 3,141	$ 3,079	$ 3,019	$ 2,960	$ 2,902	$ 2,845		$ 2,789
Total Operating Expenses:	$ 1,794,517	$ 1,759,330	$ 1,724,834	$ 1,691,013	$ 1,657,858	$ 1,625,349	$ 1,593,480	$ 1,562,236		$ 1,531,603
Total Operating Income (loss) before Depr.	$ 965,591	$ 1,000,777	$ 1,035,274	$ 1,069,094	$ 1,102,251	$ 1,134,758	$ 1,166,628	$ 1,073,222		$ 792,741
$ expenses increase over preceeding year >>										$ 120,592
% increase of expenses over preceeding year >>										8.5%
Depreciation expense	$ (783,895)	$ (783,895)	$ (783,895)	$ (483,895)	$ (482,455)	$ (483,895)	$ (483,895)	$ (483,895)		$ (354,586)
Amortization expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-		$ -
Operating Income (Loss)	$ 181,696	$ 216,882	$ 251,379	$ 585,199	$ 619,796	$ 650,863	$ 682,733	$ 589,327		$ 438,155
Non-Operating Income (Expenses)										
Interest income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-		$ 10,270
Interest expense on existing debt	$ (42,932)	$ (44,997)	$ (42,932)	$ (44,997)	$ (49,372)	$ (57,629)	$ (65,382)	$ (73,113)		$ (76,555)
Interest expense on new debt	$ (283,779)	$ (288,891)	$ (283,779)	$ (288,891)	$ (293,876)	$ (298,739)	$ -	-		$ -
Capital contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-		$ 162,717
Total Other Income (Expenses)	$ (326,711)	$ (333,888)	$ (326,711)	$ (333,888)	$ (343,248)	$ (356,368)	$ (65,383)	$ (73,113)		$ 96,432
Change in Net Assets	$ (145,016)	$ (117,006)	$ (75,333)	$ 251,311	$ 276,548	$ 294,495	$ 617,351	$ 516,214		$ 534,587
Operating Income b4 Depreciation	$ 965,591	$ 1,000,777	$ 1,035,274	$ 1,069,094	$ 1,102,251	$ 1,134,758	$ 1,166,628	$ 1,073,222		$ 792,741
Interest on existing debt service	$ 42,932	$ 44,997	$ 42,932	$ 44,997	$ 49,372	$ 57,629	$ 65,382	$ 73,113		$ 76,555
Interest on new debt service	$ 283,779	$ 288,891	$ 283,779	$ 288,891	$ 293,876	$ 298,739	$ -	$ -		$ -
Principal repayments on existing debt	$ 140,592	$ 138,528	$ 140,592	$ 138,528	$ 313,594	$ 311,859	$ 306,666	$ 304,722		$ 204,933
Principal repayments on new debt	$ 207,236	$ 202,125	$ 207,236	$ 202,125	$ 197,139	$ 192,277	$ -	$ -		$ -
Excess (Deficit)	$ 291,051	$ 326,237	$ 360,734	$ 394,554	$ 248,270	$ 274,255	$ 794,580	$ 695,387		$ 511,253
Debt Coverage Ratio	143.15%	148.36%	153.48%	158.49%	129.07%	131.87%	313.57%	284.05%		261.63%
Sewer Rates (In City) - Monthly										
# of customers										4,453
Annual Gallons										353815000
Increase in customers										0
% of increase										0.00%
Minimum Bill (no gallons)	$ 17.50	$ 17.50	$ 17.50	$ 17.50	$ 17.50	$ 17.50	$ 17.50	$ 17.00		$ 16.50
First 1,000 gallons (per 1,000)	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.00		$ 3.50
Next 1,000 gallons (per 1,000)	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.00		$ 3.50
Next 3,000 gallons (per 1,000)	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.25	$ 4.00		$ 3.50
Charge for 1K gallons >>>>>	$ 21.75	$ 21.75	$ 21.75	$ 21.75	$ 21.75	$ 21.75	$ 21.75	$ 21.00		$ 20.00
Charge for 2K gallons >>>>>	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 26.00	$ 25.00		$ 23.50
Charge for 5K gallons >>>>>	$ 38.75	$ 38.75	$ 38.75	$ 38.75	$ 38.75	$ 38.75	$ 38.75	$ 37.00		$ 34.00
5k Ratio to monthly MHI >>>>>	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.5%		1.4%
Revenue : Monthly Rate Factor										68444
Revenue check >>>>>	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,760,108	$ 2,635,458		$ 2,421,772
Increase in 5k over previous FY >>	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.75	$4.25		$2.50
1k Percent increase over FY >>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	5.0%		11.1%
2k Percent increase over FY >>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	6.4%		11.8%
5k Percent increase over FY >>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	6.6%		7.8%

Paris BPU

Statement of Revenues, Expenses and Changes in Net Assets **WATER**

	Projected FY2025	Projected FY2024	Projected FY2023	Projected FY2022	Projected FY2021	Projected FY2020	[redacted]	Audited 2019
Operating Revenues:								
Proposed Revenue Increase>>	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*4.71%*		
Water sales	$ 2,684,467	$ 2,684,467	$ 2,684,467	$ 2,684,467	$ 2,684,467	$ 2,684,467		$ 2,611,422
Uncollectable Accounts								$ (2,399)
Other								$ -
Total Operating Revenues:	$ 2,684,467	$ 2,684,467	$ 2,684,467	$ 2,684,467	$ 2,684,467	$ 2,684,467		$ 2,609,023
$ revenue increase over preceeding year >>	$ -	$ -	$ -	$ -	$ -	$ 75,444		$ 598,187
% increase of revenue over preceeding year >>	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%		30.6%
Operating Expenses:								
Anticipated effective increase from CPI>>	2%	2%	3%	3%	2%	2%		
Water Division								
Treatment	$ 757,170	$ 742,323	$ 727,768	$ 706,571	$ 685,991	$ 672,540.06		$ 659,353
Distribution	$ 706,001	$ 685,438	$ 665,474	$ 646,091	$ 627,273	$ 614,973.30		$ 602,915
Administration	$ 446,908	$ 433,891	$ 421,253	$ 408,984	$ 397,072	$ 389,286.06		$ 381,653
Taxes	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Other Operating Costs	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Total Operating Expenses:	$ 1,910,078	$ 1,861,652	$ 1,814,495	$ 1,761,645	$ 1,710,335	$ 1,676,799		$ 1,643,921
Total Operating Income (loss) before Depr.	$ 774,388	$ 822,815	$ 869,972	$ 922,821	$ 974,131	$ 1,007,667		$ 965,102
$ expenses increase over preceeding year >>								$ 220,192
% increase of expenses over preceeding year >>								15.5%
Depreciation expense	$ (668,811)	$ (668,811)	$ (668,811)	$ (668,811)	$ (460,931)	$ (460,931)		$ (329,051)
Amortization expense	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Operating Income (Loss)	$ 105,577	$ 154,004	$ 201,161	$ 254,010	$ 513,200	$ 546,736		$ 636,051
Non-Operating Income (Expenses)								
Interest income	$ -	$ -	$ -	$ -	$ -	$ -		$ 1,272
Interest expense on existing debt	$ (34,912)	$ (39,282)	$ (44,880)	$ (52,633)	$ (59,969)	$ (67,270)		$ (68,947)
Interest expense on new debt	$ (158,946)	$ (161,761)	$ (164,510)	$ (167,195)	$ (169,817)	$ -		$ -
Capital Contributions	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Other revenue	$ -	$ -	$ -	$ -	$ -	$ -		$ 1,272
Other expense	$ (10,301)	$ (10,301)	$ (10,301)	$ (10,301)	$ (10,301)	$ (10,301)		$ (10,301)
Transfer out - tax equivalents	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Total Other Income (Expenses)	*$ (204,159)*	*$ (211,344)*	*$ (219,691)*	*$ (230,129)*	*$ (240,087)*	*$ (77,571)*		*$ (76,704)*
Change in Net Position	$ (98,582)	$ (57,341)	$ (18,530)	$ 23,881	$ 273,114	$ 469,165		$ 559,347
Operating Income b4 Depreciation	$ 774,388	$ 822,815	$ 869,972	$ 922,821	$ 974,131	$ 1,007,667		$ 965,102
Interest on existing debt service	$ 34,912	$ 39,282	$ 44,880	$ 52,633	$ 59,969	$ 67,270		$ 68,947
Interest on new debt service	$ 158,946	$ 161,761	$ 164,510	$ 167,195	$ 169,817	$ -		$ -
Principal repayments on existing debt	$ 276,344	$ 273,968	$ 368,821	$ 366,937	$ 357,870	$ 355,626		$ 165,525
Principal repayments on new debt	$ 120,057	$ 117,242	$ 114,493	$ 111,808	$ 109,187	$ -		$ -
Excess (Deficit)	*$ 184,129*	*$ 230,561*	*$ 177,268*	*$ 224,248*	*$ 277,289*	*$ 584,771*		*$ 896,155*
Debt Coverage Ratio	131.19%	138.93%	125.59%	132.10%	139.79%	238.28%		411.61%
Water Rates (In City) - Monthly								
# of customers								5,242
Water Produced / Purchased (gal)								[redacted]
Water Sold (gal)								534,963,000

Paris Utility Authority
Paris Board of Public Utilities

P.O. Box 460
Paris, Tennessee 38242
Phone: 731-642-1322
Fax: 731-641-6781

July 19, 2021

VIA E-MAIL (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, Tennessee 37243

RE: Paris Utility Authority

Dear Sandi:

The Paris Utility Authority (the "Authority") proposes to issue a water and sewer system revenue bond in a principal amount up to $7,200,000 (the "New Bond"). The New Bond would be issued to the United States Department of Agriculture (the "USDA") in exchange for cancellation of the $7,200,000 Water Revenue and Tax Bond, dated June 4, 2020 (the "USDA Bond") issued by the City of Paris (the "City").

As background, the City previously owned the water and sewer system (the "System"), and the Board of Public Utilities of the City of Paris (the "Board") operated the System on behalf of the City. On May 18, 2021, the City, the Board and the Authority entered into an Assignment and Assumption Agreement, whereby the City and the Board agreed to (i) sell the assets of the System to the Authority and (ii) assign the City's outstanding debt related to the System. Pursuant to the Assignment and Assumption Agreement, the Authority has agreed to assume the USDA Bond by issuing to the USDA, holder of the USDA Bond, the New Bond with terms identical to those set forth in the USDA Bond, except that the New Bond issued by the Authority will be secured solely by a pledge of revenues of the System. USDA has agreed to accept the New Bond in exchange for the USDA Bond.

The New Bond will bear interest at 1.3750%, payable in consecutive monthly installments in the amount of $19,512. Assuming the New Bond is issued in August, there will be 466 payments remaining, with the first payment being September 2021.

The New Bond would be payable solely from and secured solely by a lien on the net revenues of the Authority's waterworks system (the "System"), on parity with the Authority's outstanding Water and Sewer Revenue Bond, Series 2020A, dated June 30, 2020, Water and Sewer Revenue Bond, Series 2020B, dated June 30, 2020, Water and Sewer Revenue Bond, Series 2020C, dated June 30, 2020, and Water and Sewer Revenue Bond, Series 2020D, dated June 30, 2020, and the Authority's outstanding SRF Loans (as defined herein).

The Authority is party to six revolving fund loan agreements with the State identified as DW4 2015-163, DWF 2015-164, DWF 2016-178, DWF 2017-195, CW5 2017-381, and SRF 2017-382 (the "SRF Loans"). Pursuant to Section 7(m) of the Revolving Fund Loan Agreements entered into among the Tennessee Department of Environment and Conservation, the Tennessee Local Development Authority (the "TLDA") and the

Authority, the Authority is required to seek prior approval of the TLDA before issuing additional debt payable from the revenues of the system.

On the Authority's behalf, I am asking that the TLDA consider approving the issuance of the New Bond on parity with the SRF Loans at its next meeting. It is important to the Authority and the public that the New Bond be issued on parity with the Authority's outstanding water and sewer debt, insofar as it will preserve the Authority's future ability to issue senior lien – and therefore lower cost – debt for the benefit of its water and sewer system.

In connection with this request, I am enclosing the following:

- Exhibit A – Proposed bond resolution
- Exhibit B – CT-Form 0253 for the USDA Bond (as defined herein)
- Exhibit C – Debt Management Policy of the Authority
- Exhibit D – Current and pro forma debt service coverage

The Authority cites the following factors in favor of this request:

1. The Authority is in compliance with the terms of the SRF Loan Agreements.

2. The outstanding amount of the SRF Loan Agreement is $8,104,676.

3. The Authority has never failed to timely repay the SRF Loan Agreements.

4. The Authority has filed its audited financial statements with the Division of Local Government Audit in a timely manner.

6. The rights and lien position of the TLDA relative to the SRF Loan Agreements will not be affected.

7. The capital improvement project financed with the proceeds of the USDA Bond and the New Bond is a long-term project that is vitally important to the health and welfare of the citizens within the Authority's service area.

The New Bond will have the same amortize structure set forth in the CT-0253 for the USDA Bonds, and will not constitute balloon indebtedness, as defined by T.C.A. Section 9-21-133, because it is being issued to the USDA.

Should you have additional questions or require further information in order to issue your report, please do not hesitate to contact any of the following individuals who have assisted the Authority in connection with the preparation of this request:

Authority
Terry Wimberley
President and CEO
tgwimberley@parisbpu.org
731-642-1322

Bond Counsel
Bass Berry & Sims PLC

Jeff Oldham
joldham@bassberry.com
615.742.7704

Alex Samber
alex.samber@bassberry.com
865.521.2038

Thank you for considering our request.

Yours truly,

PARIS UTILITY AUTHORITY

Terry Wimberley
President and CEO

Attachments

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

July 29, 2021

Ms. Sandra Thompson, Director
State Government Finance
Tennessee Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243-9034

Re: Notice of Intent to Issue Refunding Indebtedness
Secured by General Obligation Pledge

Dear Director Thompson:

This notice is being given pursuant to the Tennessee Local Development Authority ("TLDA") State Revolving Fund Policy and Guidance for Borrowers (the "Policy"). This is to notify TLDA that the City of Morristown, Tennessee (the "City") intends to issue additional bond indebtedness (the "Refunding Indebtedness") to pay off certain of its existing State Revolving Fund loans. The City has passed a resolution that authorizes the issuance of the Refunding Indebtedness as general obligation indebtedness and additionally payable by revenues from its water and sewer system. Pursuant to the Policy, the City hereby acknowledges that the Refunding Indebtedness, upon issuance, will not impact the security of the SRF loan's lien on net revenues from the City's water and sewer system due to the Refunding Indebtedness being secured only by the general obligation pledge. If there is additional information needed by TLDA that would be helpful, please let me know and I will be happy to endeavor to provide the same.

Very truly yours,

A. W. Cox

Anthony W. Cox
City Administrator