



TENNESSEE LOCAL DEVELOPMENT AUTHORITY
FEBRUARY 23, 2022
AGENDA

1. Call meeting to order
2. Approval of minutes from the TLDA meeting of December 20, 2021
3. Consider for approval the following Clean Water Loan:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Chattanooga, SRF 2020-440-01	\$ 19,000,000	\$ -	\$ 19,000,000	0.88%	20

4. Consider for approval the following Drinking Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Hiwassee UC (Bradley County), DW7 2021-232 A	\$ 1,459,450	\$ -	\$ 1,459,450	0.81%	20
Hiwassee UC (McMinn County), DW7 2021-232 B	\$ 1,459,450	\$ -	\$ 1,459,450	0.81%	20
Ocoee UD, DWF 2021-242	\$ 1,000,000	\$ -	\$ 1,000,000	0.96%	20

5. Consideration of a request from the Ocoee Utility District to issue Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2022, in an amount not to exceed \$25,000,000 on parity with its outstanding SRF loan agreements
6. Report on the notification from the City of Algood submitted to comply with TLDA SRF Policy and Guidance for Borrowers
7. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
December 20, 2021

The Tennessee Local Development Authority (the “TLDA”) met on Monday, December 20, 2021, at 11:35 a.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
Kevin Bradley, Proxy for the Honorable David H. Lillard, Jr., State Treasurerⁱ
Commissioner Butch Eley, Department of Finance and Administration
Ms. Paige Brown, House Appointee

The following members were absent:

The Honorable Bill Lee, Governor
Mr. Gary Cordell, Senate Appointee

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 October 25, 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 5 – 0, the motion carried, and the minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was a Resolution of Appreciation to Mr. Pat Wolfe. He stated that the TLDA had issued a Resolution of Appreciation to Mr. Pat Wolfe to express its gratitude and appreciation for his dedication and exemplary service as a member of the Authority. He stated that the Resolution of Appreciation would not require action by the TLDA board.

Mr. Hargett stated that the next item on the agenda was consideration and approval of a Drinking Water State Revolving Fund (DWSRF) loan request. He recognized Mr. Adeniyi Bakare, SRF Program Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan request. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. He stated the unobligated fund balance was \$65,439,208 as of August 23, 2021. He stated that since that time, the unobligated balance had increased by \$100,000 with the return of previous (unused) funding from the Brownsville Energy Authority. Upon approval of the loan request to be presented totaling \$255,000, the remaining funds available for loan obligations would be \$65,284,208. He then presented the DWSRF loan request.

- **Camden (DW7 2021-237)** Requesting \$255,000 (\$127,500 Loan; \$127,500 principal forgiveness) for an asset management plan (develop a water distribution system asset management plan – phase 1); recommended interest rate of 0.10% based on the Ability to Pay Index (ATPI); Priority ranking 11 of 43 (FY2020); Term: 5 years

Mr. Eley made a motion to approve the loan, and Ms. Brown seconded the motion. Mr. Hargett inquired if there was any discussion. Hearing none, he asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion carried, and the loan was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of a Clean Water State Revolving Fund (CWSRF) loan request. He called upon Mr. Bakare to present the loan request. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. He stated the unobligated fund balance was \$9,982,396 as of October 25, 2021. He stated that since that time, the unobligated balance had increased

ⁱ Proxy letter was received after the meeting was held; therefore, this member’s votes are nullified.

by \$415,245 with the return of previous (unused) funding from the Towns of Chapel Hill and Jasper. Upon approval of the loan request to be presented totaling \$2,500,000, the remaining funds available for loan obligations would be \$7,897,641. He then presented the CWSRF loan request.

- **Metropolitan Government of Lynchburg, Moore County (Metro Lynchburg) (CG8 2022-463)** Requesting \$2,500,000 for infiltration and inflow correction (Rehabilitation of approximately 20,000 linear feet (LF) of sewer lines and lateral connections by open cut replacement and cured-in-place pipe methods and lining of associated manholes); recommended interest rate of 1.03% based on the ATPI; Priority ranking 41 of 64 (FY2020); Term: 20 years.

Mr. Bakare stated that Metro Lynchburg's audit report was filed timely but that it had an adverse opinion. He explained that the adverse opinion was due to the Water and Sewer Department not having its financial records available when the audit was completed. He further stated that an action plan had been submitted, and a corrective action explanation had been sent to the Comptroller's office.

Mr. Mumpower made a motion to approve the loan, and Mr. Eley seconded the motion. Mr. Hargett inquired if there was any discussion. Hearing none, he asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion carried, and the loan was unanimously approved.ⁱⁱ

Mr. Hargett stated that the next item on the agenda was the report on the notification from the Town of Livingston submitted to comply with TLDA SRF Policy and Guidance for Borrowers. He called upon Ms. Thompson to present the report. Ms. Thompson stated that a notice was received from the Town of Livingston stating that it intended to issue its Series 2021 Water and Sewer System Revenue and Tax Refunding Bonds to currently fund its outstanding Water and Sewer Revenue and Tax Refunding Bonds that would mature in December 2033. She further stated that the Town acknowledged that the Refunding Bonds would be issued subordinate to its outstanding SRF loans to comply with the TLDA SRF Policy and Guidance. She stated that this was a notification and would not require action by the TLDA board. Mr. Hargett asked if there were any questions about the report. Hearing none, and with no further action necessary, he moved on to the next agenda item.

Mr. Hargett stated that the next item of business was the report on the notification from the Town of Oakland submitted to comply with TLDA SRF Policy and Guidance for Borrowers. He called upon Ms. Thompson to present the report. Ms. Thompson stated that a notice was received from the Town of Oakland stating that it intended to issue its Series 2021 Sewer System Revenue and Tax Capital Outlay Notes to finance sewer system improvements, specifically for the wastewater treatment plant expansion. The Town of Oakland acknowledged that the Notes would be issued subordinate to its outstanding SRF loans to comply with the TLDA SRF Policy and Guidance. In addition, she stated that the Town intended to issue the notes in December and requested that the 45-day notice of written notification be waived. She stated that this was a notification and would not require action by the TLDA board. Mr. Hargett asked if there were any questions about the report. Hearing none, and with no further action necessary, he moved on to the next agenda item.

Mr. Hargett stated that the next item of business was the report on the notification from the Metropolitan Government of Nashville and Davidson County submitted to comply with TLDA SRF Policy and Guidance for Borrowers. He called upon Ms. Thompson to present the report. Ms. Thompson stated that a notice was received from the Metropolitan Government of Nashville and Davidson County stating that it intended to revise its existing Commercial Paper Programs and proposed to issue the Notes for the purpose of providing interim financing for water and sewer system improvements and extensions. She further stated that Metro acknowledged that the Notes would be secured by a pledge of the issuer's water and sewer system revenues and would be subordinate to the pledge of such revenues in favor of the issuer's outstanding SRF loans as required by the TLDA SRF Policy and Guidance for Borrowers. She stated that this was a notification and would not require action by the TLDA board. Mr. Hargett asked if there were any questions about the report. There were no questions. This report was for information only. No board action was needed.

ⁱⁱ Mr. Mumpower excused himself from the remainder of the meeting

Hearing no other business, Mr. Eley made a motion to adjourn the meeting, 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 4 – 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

Clean Water State Revolving Fund (CWSRF) Loan Program
Funds Available for Loan Obligation
February 23, 2022

Unobligated Balance as of December 20, 2021 \$ 7,897,641

Increases:

	<u>Loan Number</u>	<u>Amount</u>
Treasury Interest FY 2021		\$ 303,914
Interest Payments FY 2021		\$ 9,926,939
Principal Repayments FY 2021		\$ 141,445,858

\$ 151,676,711

Unobligated Balance as of February 23, 2022

\$ 159,574,352

Decreases:

	<u>Loan Number</u>	<u>Amount</u>
City of Chattanooga	SRF 2020-440-01	\$ 19,000,000

\$ (19,000,000)

Remaining Funds Available for Loan Obligations as February 23, 2022

\$ 140,574,352

FACT SHEET
February 23, 2022

Borrower: City of Chattanooga
Project Number: SRF 2020-440-01
Requested SRF Funding: \$19,000,000
Term: 20 years
Rate: 0.88% = 1.10% x 80% (Tier 3)

Project:

WWTP Improvements and I/I Correction (Installation of approximately 900 LF of conveyance piping at the Moccasin Bend WWTP; replace approximately 2,200 LF of 30-inch diameter Citico force main; and the construction of a 30MG equalization basin, 20 MG pump station, and associated appurtenances).

Total Project Cost:	\$39,152,720
Project Funding:	
SRF Loan Principal	\$19,000,000
Local Funds	\$ 5,152,720
Other Funds (SRF 2020-440)	\$15,000,000

County:	Hamilton County
Consulting Engineer:	Jacobs Engineering Group Inc.
Priority Ranking List:	FY 2019
Priority Ranking:	6,18, and 64 of 83 ¹
Public Meeting:	05/28/2020

Financial Information:

Operating Revenues:	\$100,934,056
Current Rate:	\$63.55
Financial Review Rate:	\$63.55
Effective Rates, if applicable:	N/A
Residential User Charge: Customer	5,000 gal/month
Base:	182,800
Audit Report Filed:	1/31/2022 (Late) ²
Initial Financial Sufficiency Review:	09/21/2021
Updated Financial Sufficiency Review:	02/08/2022

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

¹ The Project ranked #6, #18, and #64 of 83 on the Fiscal Year 2019 Priority Ranking List (PRL).

² Chattanooga submitted late audit report justification letter to comptroller's office. The letter included in the loan documents.

FACT SHEET
February 23, 2022

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: \$28,563,255

MADS:	Prior Obligations:	\$17,468,200
	Proposed loan(s):	
	SRF 2020-440-01	<u>\$ 1,036,398</u>
	Totals	<u>\$ 18,504,598</u>

MADS as a percentage of SSTs: 64.78%



TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES
State Revolving Fund Loan Program
 William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, 12th Floor
 Nashville, Tennessee 37243

STATE REVOLVING FUND LOAN APPLICATION

**REPRESENTATION OF
 LOANS AND STATE-SHARED TAXES**
CITY OF CHATTANOOGA
SRF 2020-440-01

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, 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 \$28,563,255.

2. Prior Obligations

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

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer	SRF 2003-168	\$40,582,809	\$0.00	\$2,617,824
SRF/Sewer	SRF 2007-204	\$13,000,000	\$0.00	\$848,868
SRF/Sewer	SRF 2011-289	\$18,871,242	\$0.00	\$1,140,444
SRF/Sewer	SRF 2012-307	\$31,604,145	\$0.00	\$1,763,892
SRF/Sewer	SRF 2013-318	\$63,356,209	\$0.00	\$3,714,444
SRF/Sewer	SRF 2016-357	\$42,500,000	\$0.00	\$2,412,035
SRF/Sewer	CW6 2018-405	\$900,000	\$100,000	\$52,260
SRF/Sewer	SRF 2018-406	\$17,100,000	\$0.00	\$993,017
SRF/Sewer	CW7 2019-428	\$2,700,000	\$300,000	\$164,676
SRF/Sewer	SRF 2019-429	\$21,000,000	\$0.00	\$1,280,796
SRF/Sewer	SRF 2018-406-01	\$30,000,000	\$0.00	\$1,683,072
SRF/Sewer	SRF 2020-440	\$15,000,000	\$0.00	\$796,872

* 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 \$17,468,200.

(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 \$17,468,200.

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 2020-440-01	0.88%	\$19,000,000	\$0.00	\$1,036,398

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$1,036,398.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$10,058,657.

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 10th day of December, 2021.

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

LOCAL GOVERNMENT

BY: 
Daisy W. Madison, Chief Finance Officer

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

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

CITY OF CHATTANOOGA

SRF 2020-440-01

Pursuant to Tenn. Code Ann. § 9-21-134, 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. § 9-21-134 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 it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

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

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

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

The applicant, City of Chattanooga, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 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 to this rule.



Daisy W. Madison, Chief Finance Officer



Date

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



City of Chattanooga

Mayor Tim Kelly

January 13, 2022

Ms. Felicia D. Freeman
State Revolving Fund Loan Program
Tennessee Dept. of Environment & Conservation
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, 12th Floor
Nashville, TN 37243

RE: City of Chattanooga Audit Reports for FY21

Dear Ms. Freeman:

The City has experienced staffing challenges during this fiscal year, along with implementing an upgrade to our entire accounting system. Additionally, the remote working environment throughout the COVID-19 pandemic has contributed to management's delay in completing the audit.

We feel very confident this new accounting system is fully integrated and upgraded, as we are in the process of preparing the necessary documents for the fiscal year end. We apologize for the delay, management and the auditor fully expect to have the audit completed by January 31, 2022.

Please feel free to reach out to myself or the Jacobs Engineering Team with any questions, concerns, or documentation needs.

Sincerely,

Brent Goldberg, CPA
City Finance Officer

CC: Felicia Freeman, TDEC SRF Loan Program
Sushuma Pedireddi, TDEC SRF Loan Program
Tosin Owoseni, TDEC SRF Loan Program
Richard E. Thomas, TDEC SRF Loan Program
Jason Silvers, City Finance Office
Fredia Forshee, City Finance Office
Josh McCutcheon, City Finance Office
Dennis Malone, City Engineering Office
Shelly Gribble, Moccasin Bend Finance Office
Gene Toney, Moccasin Bend Finance Office
Christy Creel, Public Works Finance Manager
Mike Marino, Jacobs Engineering

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
February 23, 2022

Unobligated Balance as of December 20, 2021			\$ 65,284,208
<u>Increases:</u>	<u>Loan Number</u>	<u>Amount</u>	
FFY 2021 EPA Capitalization Grant (project dollars)		\$ 16,050,680	
FFY 2021 State match budgeted of total required		\$ 3,856,800	
Interest Payments FY 2021		\$ 1,482,397	
Principal Repayments FY 2021		\$ 26,668,433	
Treasury Interest FY 2021		\$ 60,994	
			\$ 48,119,304
Unobligated Balance as of February 23, 2022			\$ 113,403,512
<u>Decreases:</u>	<u>Loan Number</u>	<u>Loan Amount</u>	
Hiwassee Utilities Commission and Bradley County	DW7 2021-232A	\$ 1,459,450	
Hiwassee Utilities Commission and McMinn County	DW7 2021-232B	\$ 1,459,450	
Ocoee Utility District	DWF 2021-242	\$ 1,000,000	
			\$ (3,918,900)
Remaining Funds Available for Loan Obligations as February 23,2022			\$ 109,484,612

FACT SHEET

February 23, 2021

Borrower: Hiwassee Utilities Commission and Bradley
Project Number: County DWF 2021-232 A
Requested SRF Funding: \$1,459,450
Term: 20 years
Rate: 0.81% = (1.01% x 80%) (Tier 3)

Project:

WTP Improvements (Convert the disinfection system from chlorine to sodium hypochlorite; construction of a new chemical storage building; improvements to the compressed air system; and the installation of new control valves and instrumentation).

Total Project Cost:	\$2,918,900
Project Funding:	
SRF Loan Principal	\$1,459,450
Local Funds	\$ -0-
Other Funds (McMinn County DWF 2021-232)	\$1,459,450

County:	Bradley and McMinn Counties
Consulting Engineer:	Owen & White Inc.
Priority Ranking List:	FY 2020
Priority Ranking:	29 of 48 ¹
Public Meeting:	02/01/2021

Financial Information:

Operating Revenues:	\$3,340,576
Current Rate:	see footnote 2 ²
Financial Review Rate:	see footnote 2
Effective Rates, if applicable:	see footnote 2
Residential User Charge: Customer Base:	see footnote 2
	see footnote 3 ³
Audit Report Filed:	01/17/2022 (Late) ⁴
Initial Financial Sufficiency Review:	07/20/2021
Updated Financial Sufficiency Review:	02/02/2022

¹ The Project ranked #29 of 48 on the Fiscal Year 2020 Priority Ranking List.

² Hiwassee Utilities Commission rate structure is made up of two billing components: Demand Charge (fixed charge to cover long term fixed costs) and Commodity Charge (based on the water delivered). They are increasing the rates by 2% yearly with FY26 estimated to be \$3,584,755.

³ Hiwassee Utilities Commission does not use residential customers. Their customers are the following areas that have contracts with them: Athens, Cleveland, Riceville, McMinn County, and Calhoun/Charleston.

⁴ Hiwassee Utility Commission submitted a late audit justification letter to Comptroller's Office and is included in the loan documents.

FACT SHEET
February 23, 2021

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

Additional Security

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

The SSTs received by the borrower from the state in the prior fiscal year: \$3,657,283

MADS:	Prior Obligations:	\$	-0-
	Proposed loan(s)		
	DWF 2021-232 A	\$	79,067
	DWF 2021-232 B	<u>\$</u>	<u>79,067</u>
	Totals	<u>\$</u>	<u>158,134</u>

MADS as a percentage of SSTs: 4.32%

**REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
HIWASSEE UTILITIES COMMISSION AND BRADLEY COUNTY
DWF 2021-232 A**

As security for payments due under an SRF loan agreement, a local government pledges user fees and charges and ad valorem taxes as necessary to meet its obligations under an 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 \$3,657,283.

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**

* 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	N/A			
TLDA/Public Health	N/A			
TLDA/Transportation	N/A			

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

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$ 0.

2. 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	DWF 2021-232 A	0.81%	\$1,459,450	\$0	\$79,067
SRF/Water	DWF 2021-232 B	0.81%	\$1,459,450	\$0	\$79,067

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) \$158,134

3. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$3,499,149.

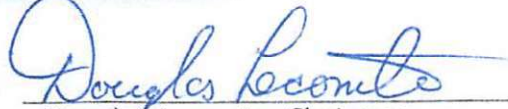
The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.

Duly signed by an authorized representative of the Local Government on this 3rd day of January, 2022.

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

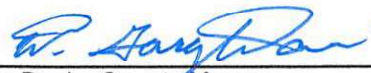
LOCAL GOVERNMENT

BY:



Douglas Lecomte, Chairman
Hiwassee Utilities Commission

BY:



D. Gary Davis, County Mayor
Bradley County

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)
HIWASSEE UTILITIES COMMISSION AND BRADLEY COUNTY
DWF 2021-232 A

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.

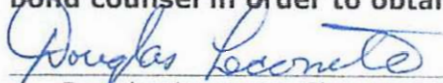
Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

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:

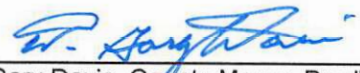
- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
-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



Douglas Lecomte, Chairman, Hiwassee
Utilities Commission
January 3, 2022
Date



D. Gary Davis, County Mayor, Bradley County
January 3, 2022
Date

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

Wedgewood Accounting, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

WEDGEWOOD OFFICE PARK
4395 NORTH OCOEE STREET
CLEVELAND, TENNESSEE 37312

TELEPHONE: 423-476-5581
FACSIMILE: 423-472-9893

WILLIAM B. KIRKSEY, CPA
MARK A. LAY, CPA
SCOTT D. HALL, CPA
ANGELA K. RITCHEY, CPA
BRANDON H. BARNES, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

January 10, 2022

Mrs. Sushuma Pedireddi, Grants Analyst
State of Tennessee – SRF Loan Program
William Snodgrass, Tennessee Tower
312 Rosa Park Avenue, 12th Floor
Nashville, Tennessee 37243

Re: Hiwassee Utilities delinquent report filing

Dear Mrs. Pedireddi:

Our firm has been preparing the audit report for Hiwassee Utilities for more than 25 years. The delayed report filing has been due to COVID and staffing issues in recent years. We have been unable to retain the same staff for the years 2017 - 2020; therefore, someone new is working on this project each year, which is increasing the completion time for this project. The delays are not due to Hiwassee Utilities, as they are always responsive and expedient in their process to get us information. Therefore, this issue is beyond their control, and as a partner in the audit firm, we are trying to correct this, but as we understand, we are not alone, as discussions with other CPA firms have proven this is a nationwide issue.

Please let me know if you need any additional information.

Sincerely,



Scott D. Hall, CPA



JASON E. MUMPOWER
Comptroller

January 11, 2022

Ms. Teresa Torbett
Hiwassee Utilities Commission
3973 Chatata Valley Road
Charleston, Tennessee 37310

Dear Ms. Torbett:

During the review of the Hiwassee Utilities Commission (the "Commission") State Revolving Fund (SRF) loan application, the Tennessee Department of Environment and Conservation (TDEC) observed that the Commission had not filed its fiscal year 2021 audit report within six months after fiscal year end. The Commission provided a letter of explanation from Wedgewood Accounting, PLLC (Wedgewood), its CPA firm, regarding the delinquency to the Division of State Government Finance that serves as staff to the Tennessee Local Development Authority (TLDA).

Wedgewood cited that the reason for the late submission was because of the COVID-19 pandemic and staffing issues within the audit firm and that they were working to resolve the deficiency. Please note that the audit contract does not provide for filing annual audit reports later than six months after the fiscal year end, and the Comptroller's Division of Local Government Audit (LGA) did not grant permission to extend the contracted filing deadline.

The SRF loan agreement and state law require local governments to file an annual audit report within six months after fiscal year end. Failure to timely file reports may delay, or result in disapproval of, SRF loan approvals and funding requests. At the discretion of TDEC, the Commission's loan application will be presented for consideration for approval at a future TLDA meeting with the expectation that the Commission will develop a plan to file its report on time. Please consult with Wedgewood as they work to resolve this deficiency. In addition, contact LGA if you need additional guidance or clarification on audit contract requirements for your specific situation.

Information on the SRF program's audit filing requirement is contained in the TLDA's SRF Policy and Guidance for Borrowers which can be obtained online at:

<https://www.comptroller.tn.gov/boards/tennessee-local-development-authority/tlda-information/policies.html>.

Please let me know if you have any questions in this regard.

Sincerely,

A handwritten signature in black ink that reads "Sandra W. Thompson".

Sandra W. Thompson
Director
Comptroller of the Treasury
Division of State Government Finance
Assistant Secretary to the TLDA

FACT SHEET

February 23, 2022

Borrower: Hiwassee Utilities Commission and McMinn County
Project Number: DWF 2021-232 B
Requested SRF Funding: \$1,459,450
Term: 20 years
Rate: 0.81% = (1.01% x 80%) (Tier 3)

Project:

WTP Improvements (Convert the disinfection system from chlorine to sodium hypochlorite; construction of a new chemical storage building; improvements to the compressed air system; and the installation of new control valves and instrumentation).

Total Project Cost:	\$2,918,900
Project Funding:	
SRF Loan Principal	\$1,459,450
Local Funds	\$ -0-
Other Funds (Bradley County DWF 2021-232)	\$1,459,450

County:	Bradley and McMinn Counties
Consulting Engineer:	Owen & White Inc.
Priority Ranking List:	FY 2020
Priority Ranking:	29 of 48 ¹
Public Meeting:	02/01/2021

Financial Information:

Operating Revenues:	\$3,340,576
Current Rate:	see footnote 2 ²
Financial Review Rate:	see footnote 2
Effective Rates, if applicable:	see footnote 2
Residential User Charge: Customer Base:	see footnote 2 see footnote 3 ³
Audit Report Filed:	01/17/2022 (Late) ⁴
Initial Financial Sufficiency Review:	07/20/2021
Updated Financial Sufficiency Review:	02/02/2022

¹ The Project ranked #29 of 48 on the Fiscal Year 2020 Priority Ranking List.

² Hiwassee Utilities Commission rate structure is made up of two billing components: Demand Charge (fixed charge to cover long term fixed costs) and Commodity Charge (based on the water delivered). They are increasing the rates by 2% yearly with FY26 estimated to be \$3,584,755

³ Hiwassee Utilities Commission does not use residential customers. Their customers are the following areas that have contracts with them: Athens, Cleveland, Riceville, McMinn County, and Calhoun/Charleston.

⁴ Hiwassee Utility Commission sent late audit submission justification letter to Comptroller's Office and letter included into loan documents.

FACT SHEET
February 23, 2022

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

Additional Security

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

The SSTs received by the borrower from the state in the prior fiscal year: \$3,109,991

MADS:	Prior Obligations:	\$	-0-
	Proposed loan(s)		
	DWF 2021-232 B	\$	79,067
	DWF 2021-232 A	<u>\$</u>	<u>79,067</u>
	Totals	<u>\$</u>	<u>158,134</u>

MADS as a percentage of SSTs: 5.08%

**REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
HIWASSEE UTILITIES COMMISSION AND MCMINN COUNTY
DWF 2021-232 B**

As security for payments due under an SRF loan agreement, a local government pledges user fees and charges and ad valorem taxes as necessary to meet its obligations under an 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 \$ 3,109,991.

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**

* 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	N/A			
TLDA/Public Health	N/A			
TLDA/Transportation	N/A			

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

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$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	DWF 2021-232 B	0.81%	\$1,459,450	\$0	\$79,067
SRF/Water	DWF 2021-232 A	0.81%	\$1,459,450	\$0	\$79,067

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$158,134

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$2,951,857.

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 3rd day of January, 2022.

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

LOCAL GOVERNMENT

BY: 
Douglas Lecomte, Chairman
Hiwassee Utilities Commission

BY: 
John Gentry, County Mayor
McMinn County

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)
HIWASSEE UTILITIES COMMISSION AND MCMINN COUNTY
DWF 2021-232 B

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.


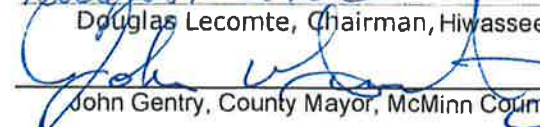
Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

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, McMinn 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.

 Douglas Lecomte, Chairman, Hiwassee Utilities Commission	January 3, 2022 Date
 John Gentry, County Mayor, McMinn County	January 3, 2022 Date

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

FACT SHEET
February 23, 2022

Borrower: Ocoee Utility District
Project Number: DWF 2021-242
Requested SRF Funding: \$1,000,000
Term: 20 years
Rate: 0.96% = 1.20% x 80% (Tier 3)

Project:

WTP Improvements (Construction of a new 500,000 gallon clear well at the Carpenter Springs WTP).

Total Project Cost:	\$1,000,000
Project Funding:	
SRF Loan Principal	\$1,000,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Bradley and Polk Counties
Consulting Engineer:	OHM Advisors
Priority Ranking List:	FY 2020
Priority Ranking:	32 of 48 ¹
Public Meeting:	05/18/2021

Financial Information:

Operating Revenues:	\$5,139,200
Current Rate:	\$53.00
Financial Review Rate:	\$53.00
Effective Rates, if applicable:	N/A
Residential User Charge: Customer	5,000 gal/month
Base:	7,820
Audit Report Filed:	12/29/2021 (Timely)
Initial Financial Sufficiency Review:	04/20/2021
Updated Financial Sufficiency Review:	02/08/2022

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

¹ The Project ranked #32 of 48 on the Fiscal Year 2020 Priority Ranking List (PRL).

FACT SHEET
February 23, 2022

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 \$54,973.

**REPRESENTATION OF
LOANS AND SECURITY DEPOSIT
OCOEE UTILITY DISTRICT
DWF 2021-242**

As security for payments due under a State Revolving Fund (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 Loan 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	DW6 2019-210	\$800,000	\$200,000	\$46,236
SRF/Water	DWF 2019-211	\$1,799,300	\$0	\$103,992

*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 \$150,228.

- b. The local government is applying for the following SRF loan(s):

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DWF 2021-242	0.96%	\$1,000,000	\$0	\$54,973

The total anticipated security deposit(s) for the proposed loan(s) is \$54,973.

- c. The total MADS (a+b) is \$205,201.

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 22nd day of November, 2021.

BY:


LOCAL GOVERNMENT

Tim Lawson, General Manager

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

Requirement for Report on Debt Obligation

(Form CT-0253)

OCOEE UTILITY DISTRICT

DWF 2021-242

Pursuant to Tenn. Code Ann. § 9-21-134, 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. § 9-21-134 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 it 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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- 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, Ocoee Utility District, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 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 to this rule.


Tim Lawson, General Manager

11/30/2021
Date

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



JASON E. MUMPOWER
Comptroller

February 09, 2022

**Ocoee Utility District
Request for TLDA Approval to Issue Additional Debt**

The Ocoee Utility District (the “District”) is requesting approval from the Tennessee Local Development Authority (the “TLDA”) to issue a Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2022 (the “Series 2022 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 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 \$25,000,000.

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 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 Series 2022 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.



JASON E. MUMPOWER
Comptroller

3. The purpose of the proposed debt issuance is:

- Refunding
- New Money

4. Description and Additional Information:

The District proposes to issue the Series 2022 Bonds to provide funding for the following purposes:

- Refund the entire balance, principal and interest, of all outstanding maturities of the District's Water Revenue Refunding and Improvement Bonds, Series 2013 (the "Series 2013 Bonds") and its Water Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"; the Series 2013 Bonds and the Series 2016 Bonds are collectively and severally referred to as the "Refunded Bonds"). Note: All maturities of the Refunded Bonds are currently callable at the price of par plus accrued interest to the date of redemption of the Bonds.

The District proposes to issue the refunding component of the Bonds to achieve a cost savings to the public, on a net present value basis, at the approximate level of \$528,536.06, or 5.024% of the outstanding principal of the Refunded Bonds.

- Provide \$10,000,000 to fund costs of design, permitting, and construction funds for capital improvement projects to the District's water system and wastewater system.
- Payment of costs of issuance associated with the issuance of Series 2022 Bonds

5. The debt rating of the borrower is:

Please indicate N/R if not rated.

- Moody's
- Standard and Poor's
- Fitch



JASON E. MUMPOWER
Comptroller

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

Borrower	Ocoee Utility District						
Date	1/31/2022						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @1/31/2022	MADS*
Water	DW6 19-210	Repayment	1,000,000	-	20%	744,851	46,236
Water	DWF 19-211	Construction	1,679,716	119,584	0%	1,679,716	103,991
Water	DWF 21-242	Pending**	-	1,000,000	0%	-	54,973
							205,200

*MADS is an estimate until final expenses have been determined
 *Before funds are disbursed on a loan, a security deposit equal to MADS is required to be deposited with the TLDA
 **TDEC is recommending this loan for approval at the same TLDA meeting as this request, and it is included in the District's request for parity.

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

Yes No

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

Yes No

Amount on deposit: \$ 150,227

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

The District timely filed its audit report for FY 2021.

Yes No

d. Sufficient Revenues [7.(k)]

For the fiscal year ended June 30, 2021, the District reported operating income for the Water Fund of \$1,123,745 and a positive change in net position of \$925,997 in its audited financial statements. As reported on the cash flow statement, debt service



JASON E. MUMPOWER
Comptroller

payments for fiscal year 2021 were \$1,295,243 consisting of principal payments of \$784,632 and interest payments of \$510,611.

As of fiscal year end 2021, the District reported \$467,748 in unrestricted cash and \$1,678,400 in cash restricted for operation and maintenance and debt service.

Yes No

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.

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 1.62x for fiscal year 2021 and is estimated to be 1.78x for fiscal year 2022 (calculated by the District in its submission). The District has met the debt service coverage requirement for fiscal year 2021.

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 and projected debt service to net revenues ranging from 1.84x to 2.20x for fiscal years 2023-2025

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 No

If yes, reason for referral: Water Loss Financial Distress



JASON E. MUMPOWER
Comptroller

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

Included 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 District meets the TLDA's criteria to issue the Series 2022 Bonds on parity with its SRF loans.

Attachment:

Debt Service Coverage Ratios (provided by the District)

**THE OCOEE UTILITY DISTRICT OF
BRADLEY AND POLK COUNTIES, TENNESSEE
SUMMARY OF HISTORICAL AND PROFORMA FINANCIAL STATEMENT + DEBT SERVICE COVERAGE RATIOS
(FISCAL YEARS ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues	5,139,200	4,854,385	4,254,467	3,772,294	3,738,159	3,449,524	3,195,693	2,975,760	2,808,578	2,860,418
Operating Expenses	(3,122,348)	(3,123,602)	(2,597,199)	(2,404,160)	(2,280,577)	(1,888,639)	(1,702,785)	(1,805,042)	(1,748,641)	(1,659,033)
Interest Income	<u>6,515</u>	<u>26,785</u>	<u>39,785</u>	<u>20,207</u>	<u>15,817</u>	<u>18,009</u>	<u>26,518</u>	<u>13,458</u>	<u>2,873</u>	<u>12,020</u>
Revenues Available for Debt Service	<u>2,023,367</u>	<u>1,757,568</u>	<u>1,697,053</u>	<u>1,388,341</u>	<u>1,473,399</u>	<u>1,578,894</u>	<u>1,519,426</u>	<u>1,184,176</u>	<u>1,062,810</u>	<u>1,213,405</u>
Annual Debt Service	<u>1,245,364</u>	<u>1,245,364</u>	<u>1,233,704</u>	<u>1,236,296</u>	<u>1,241,648</u>	<u>1,236,618</u>	<u>732,283</u>	<u>737,950</u>	<u>697,226</u>	<u>669,321</u>
Debt Service Coverage Ratios	<u>1.6247</u>	<u>1.4113</u>	<u>1.3756</u>	<u>1.1230</u>	<u>1.1866</u>	<u>1.2768</u>	<u>2.0749</u>	<u>1.6047</u>	<u>1.5243</u>	<u>1.8129</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Operating Revenues	5,396,160	6,205,584	7,136,422	7,850,064	8,635,070	9,066,824	9,520,165	9,996,173	10,495,982	11,020,781
Operating Expenses	(3,216,018)	(3,312,499)	(3,411,874)	(3,514,230)	(3,619,657)	(3,728,247)	(3,840,094)	(3,955,297)	(4,073,956)	(4,196,175)
Interest Income	<u>6,580</u>	<u>6,646</u>	<u>6,646</u>	<u>6,712</u>	<u>6,780</u>	<u>6,847</u>	<u>6,916</u>	<u>6,985</u>	<u>7,055</u>	<u>7,125</u>
Revenues Available for Debt Service	<u>2,186,722</u>	<u>2,899,731</u>	<u>3,731,194</u>	<u>4,342,546</u>	<u>5,022,193</u>	<u>5,345,424</u>	<u>5,686,986</u>	<u>6,047,861</u>	<u>6,429,081</u>	<u>6,831,732</u>
Annual Debt Service	<u>1,226,690</u>	<u>1,573,953</u>	<u>1,625,500</u>	<u>1,972,405</u>	<u>1,944,795</u>	<u>1,951,614</u>	<u>1,913,494</u>	<u>1,914,937</u>	<u>1,915,287</u>	<u>1,919,837</u>
Debt Service Coverage Ratios	<u>1.7826</u>	<u>1.8423</u>	<u>2.2954</u>	<u>2.2017</u>	<u>2.5824</u>	<u>2.7390</u>	<u>2.9720</u>	<u>3.1583</u>	<u>3.3567</u>	<u>3.5585</u>

Note: Assumes Increases in Total Operating Revenues of 5.00% FY2022; 15% FY2023+FY2024; 10.00% FY 2025+FY2026; and 5.00% in Successive Years: Subject to Change to Comply with Adopted Rate Policy/Resolution.

OCOEE UTILITY DISTRICT

February 18, 2022

Sandra W. Thompson, Director
Comptroller of the Treasury
Division of State Government Finance
Assistant Secretary to the TLDA
425 Fifth Avenue North
Nashville, Tennessee 37243-3400

VIA E-MAIL: sandi.thompson@cot.tn.gov

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

VIA E-MAIL: alicia.west@cot.tn.gov

Dear Ms. Thompson and Ms. West:

Ocoee Utility District of Bradley and Polk Counties, Tennessee (the "District") requests that the Tennessee Local Development Authority ("TLDA") approve, at its February 23, 2022, meeting issuance of not in excess of \$25,000,000 in Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2022 (the "Series 2022 Bonds") on parity of lien with the District's outstanding and pending SRF Drinking Water Loans. The District's SRF Drinking Water Loans presently outstanding include the following:

Ocoee SRF Drinking Water Loans Outstanding			
Loan ID	Interest Rate	Balance (01/31/2022)	Term
2019-210	1.48%	\$744,851.00	240 months
2019-211	1.48%	\$1,679,716.00	240 months
		<u>\$ 2,424,567.00</u>	

In addition to the above loans which are presently outstanding, the District has pending an approval request for Drinking Water Loan No. 2021-42 in the original principal amount of \$1,000,000; the District's application for approval of this loan is presently scheduled for hearing at the TLDA's February 23, 2022, meeting. The District's application for approval of issuance of the Series 2022 Bonds includes parity of lien with Loan No. 2021-42, as and when approved.

Ocoee Utility District of Bradley and Polk Counties, Tennessee – General Description:

Ocoee Utility District of Bradley and Polk Counties, Tennessee (the "District") is located approximately 30 miles northeast of the City of Chattanooga, approximately 75 miles southwest of Knoxville, 135 miles southeast of Nashville and 96 miles north of Atlanta. The District is a public corporation under the laws of the State of Tennessee, chartered pursuant to decree of the County Judge of Bradley County, Tennessee, dated October 27, 1964. The District is exclusively authorized to provide water service within the boundaries of its service area, which encompasses approximately 181 square miles of eastern Bradley County and western Polk County. The District boundaries extend from the Hiwassee River on the north to the Georgia state line on the south and from the City of Cleveland on the west to the Cherokee National Forest on the east.

The District's water system serves approximately 80 percent of the households within its boundaries. Raw water is supplied by three wells and two springs within the District. The District also provides water service outside of its district to approximately 75 customers in the Cherokee National Forest including the USDA Forest Service. The District's Carpenter Springs filtration and treatment facility processes approximately 40% of the water supplied to the distribution system. The Wildwood Springs filtration and treatment facility processes approximately 45% of the water supplied to the District. The balance of the District's water supply needs are met by water purchases from neighboring utilities to which the system is connected.

Purpose for Issuing the Proposed Series 2022 Bonds:

The District proposes to issue the Series 2022 Bonds to provide funding for the following purposes:

1. Refund the entire balance, principal and interest, of all outstanding maturities of the District's Water Revenue Refunding and Improvement Bonds, Series 2013 (the "Series 2013 Bonds") and its Water Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"; the Series 2013 Bonds and the Series 2016 Bonds are collectively and severally referred to as the "Refunded Bonds"). Note: All maturities of the Refunded Bonds are currently callable at the price of par plus accrued interest to the date of redemption of the Bonds.
2. Provide \$10,000,000 to fund costs of design, permitting, and construction funds in respect of the following capital improvement projects to the District's water system and wastewater system:
 - a. High-Density Polyethylene (HDPE) Water Line Replacement. The District is experiencing progressive degradation in areas served by HDPE water

lines, resulting in excessive water loss through the walls of the affected pipe. The District is in the process of developing a plan to investigate and analyze field data to determine the geographic and hydraulic extent of the degradation; to develop a plan to prioritize affected service areas; and to plan for an implement a systematic replacement program.

- b. Construction of a new clearwell for the District's Carpenter Spring Water Treatment Plant.
 - c. Construction of a replacement plant for the District's Wildwood Water Treatment Plant, of approximately double the present plant's treatment capacity.
 - d. Construction of a 100,000 g.p.d. wastewater treatment plant to be located on Old Parksville Road to provide centralized wastewater treatment capacity in the District's service area.
 - e. Construction of wastewater collection and transmission lines and lift station to provide wastewater treatment services via the to-be-constructed Old Parksville Road wastewater treatment plant (see above).
 - f. Construction of wastewater service lines to serve wastewater customers in the Benwood Community.
 - g. Planned extensions, improvements, and replacements of water lines on Old Parksville Road, Sugar Creek Road, Benton Pike, SR313/Old Parksville Road, and Hancock Road.
 - h. Such other and further capital improvements and equipment acquisitions as the Districts' board of commissioners may deem appropriate.
3. Payment of costs of issuance associated with the issuance of the Series 2022 Bonds.

Security for the Series 2022 Bonds:

The Bonds will be payable solely from and secured by a pledge of the Net Revenues. The punctual payment of principal of and premium, if any, and interest on the District's outstanding indebtedness, the Series 2022 Bonds, and any Parity Bonds, as applicable, shall be secured equally and ratably by the Net Revenues without priority by reason of series, number, or time of sale or delivery.

Financial Information:

Attached to this correspondence are the following financial schedules and information:

1. FY2017-FY2021 Historical Summary of Balance Sheet Changes (i.e. Assets and Liabilities + Net Position listed on successive pages)
2. FY2017-FY2021 Historical Summary of Income Statement Changes
3. FY2022-FY2046 Summary of Estimated Total Annual Debt Service Requirements
4. FY2021-FY2031 Historical and Pro Forma Debt Service Coverage Ratio Analysis
5. Series 2022 Water and Wastewater Revenue Refunding and Improvement Bonds Estimated Financial Calculations (i.e. the estimated District's Series 2022 Bonds debt service requirements have been included in the Summary of Estimated Debt Service Requirements + Historical and Proforma Debt Service Coverage Ratio Analysis)

We appreciate your attention to this matter and the assistance of the Office of the Comptroller of the Treasury of Tennessee. If you require additional information, or we can further assist your efforts, please contact me at (423) 559-8508; Benjamin C. Regen – Bond Counsel for the District at (615) 446-2882; or Larry W. Kidwell – Kidwell & Company, Municipal Advisor for the District at (615) 714-4525.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

With kindest regards, I am

Yours very truly,

A handwritten signature in black ink, appearing to read "Tom L Fannin". The signature is written in a cursive style with a large initial "T" and "F".

Thomas L. Fannin
Finance Director

Enclosures



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January 27, 2022

VIA EMAIL @ Sandi.Thompson@cot.tn.gov

Ms. Sandi Thompson
TLDA Assistant Secretary and Director of
the Division of State Government Finance
425 Rep. John Lewis Way, N.
Nashville, TN 37243

Re: City of Algood, Tennessee

Dear Ms. Thompson:

The City of Algood, Tennessee (the "City") has an outstanding State Revolving Fund loan, with an application date of August 11, 2009 (the "Loan") from the Tennessee Local Development Authority ("TLDA"). The Loan is secured by, among others, a pledge of user fees and charges from its water and sewer system. My understanding is that the balance of this Loan, as of June 30, 2021, was approximately \$1,090,944.

The City has received a commitment from the United States Department of Agriculture to purchase the City's \$1,890,000 Water and Sewer Revenue and Tax Deficiency Bond (the "Bond") to finance improvements for the City's water and sewer system. My understanding is that, prior to issuing the Bond, the City is obligated under its loan agreement with TLDA (or the rules and regulations promulgated thereunder) to provide notice of the issuance of debt contemplated to be secured by a lien on the revenues of the City's water and sewer system. In the authorizing resolution for the Bond, the City specifically will acknowledge that the lien securing the Bond will be subordinate to the lien granted in favor of TLDA securing the Loan.

I would ask that this information be provided to TLDA in satisfaction of any notice requirements of TLDA under the loan agreement and the regulations issued thereunder. Please let me know if TLDA needs any additional information. As the City may issue the Bond as soon as February 9, 2022, I would appreciate being notified before then if this notice is not sufficient, or if any additional information is needed to satisfy the requirements of TLDA.

Thank you in advance for your anticipated cooperation.

Very truly yours,

Alexander B. Buchanan

ABB:cty
cc: Keith Morrison
keith.morrison@algoodtn.gov