



TENNESSEE LOCAL DEVELOPMENT AUTHORITY
AUGUST 21, 2023
AGENDA

1. Call meeting to order, establish that there is a physical quorum, and receive public comments on actionable items in accordance with 2023 Public Chapter 300 and Board guidelines.
2. Approval of minutes from the TLDA meeting of June 27, 2023
3. Report on the notification from the Town of Oakland submitted to comply with TLDA SRF Policy and Guidance for Borrowers
4. Notification of revisions to the SRF loan agreement
5. Consider for approval the following Clean Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Rocky Top, CG21 2023-482	\$ 697,500	\$ 465,000	\$ 1,162,500	1.73%	20
Rocky Top, CGB22 2023-483	\$ 697,500	\$ 465,000	\$ 1,162,500	1.73%	20

6. Consider for approval the following Drinking Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Maynardville, DW9 2023-257	\$ 37,500	\$ 37,500	\$ 75,000	1.14%	5

7. TDEC's presentation on the Asset Management Planning Grants Manual
8. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

June 27, 2023

The Tennessee Local Development Authority (the “TLDA”) met on Tuesday, June 27, 2023, at 9:07 a.m. in the Volunteer Conference Center, 2nd 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 Jim Bryson, Department of Finance and Administration
Mayor Rollen “Buddy” Bradshaw, Senate Appointee

The following member participated electronically as authorized by Tennessee Code Annotated § 8-44-108:

Mayor Paige Brown, House Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order, and asked Ms. Sandra Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance (“SGF”) to conduct a roll-call:

Mr. Hargett—Present
Mr. Lillard—Present
Mr. Mumpower—Present
Mr. Bryson—Present
Mayor Bradshaw—Present
Mayor Brownⁱ— Not in attendance

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the May 31, 2023, TLDA meeting. Mr. Mumpower motioned to approve the minutes, and Mr. Bryson seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no.

The minutes were unanimously approved.

Mr. Hargett acknowledged Mayor Brown had joined the meeting and stated that roll-call votes would be required for the meeting’s remaining agenda items.

Mr. Hargett stated that the next item on the agenda was the consideration and adoption of guidelines to comply with Public Chapter 300, which requires any governing body to reserve a period for public comment on matters that are germane to items on the agenda for each meeting. Mr. Hargett stated that Comptroller Mumpower had previously discussed the guidelines at the meetings for the State Funding Board and the Tennessee State School Bond Authority. Mr. Hargett stated Public Chapter 300 would take effect on July 1, 2023, and each board would be able to determine the most effective way to implement it. Mr. Hargett stated that the proposed guidelines would require members of the public to submit a written request to speak at a meeting. He explained that a request must be submitted via email at least two business days before the meeting and should include the name of the speaker, the agenda item they wish to comment on, and their stance on the matter. Mr. Hargett stated that speakers would be selected on a first-come, first-served basis. Furthermore, he explained that the public comment period would be held at the beginning of the meeting once the meeting was called to order and a quorum had been established. He

ⁱ Mayor Brown joined the meeting at 9:09 a.m.

stated that speakers would be limited to two minutes per agenda item, with a maximum of two speakers in favor of and two speakers opposed to each agenda item. He stated that speakers should identify themselves, stay on topic, and conduct themselves respectfully. Mr. Hargett noted that the board may ask relevant questions of any speakers providing public comment and that the Chairman could extend the allotted time or increase the number of speakers if necessary.

Mr. Hargett expressed concern about the two-minute time limit and how speakers were chosen. He also inquired about the possibility of a speaker asking questions during the public comment period. Mr. Hargett emphasized the importance of transparency and giving speakers the opportunity to express their views. He acknowledged that the current guidelines seemed reasonable but also stated that they may need to be revised in the future. Mr. Bryson concurred and stated that the board should observe as the guidelines are implemented and identify any issues before undertaking the rulemaking process. In response to concerns about whether the public comment period could include questions, Mr. Mumpower clarified that the public comment period was not a question period. However, he stated that speakers could pose a question in their comments, and the board may address it later. Mr. Hargett stated that he understood but thought the public might take it as an opportunity to get recognized and raise questions even though they did not expect an immediate answer. Mr. Mumpower responded affirmatively. He then stated that the board would promulgate rules in the future and asked members to think about the language they wanted included in the rules and be prepared to share their ideas when the time came. Mr. Hargett then inquired if there was any further discussion. Hearing none, Mr. Mumpower motioned to approve the request, and Mr. Bryson seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye
Mr. Lillard—Aye
Mr. Mumpower—Aye
Mr. Bryson—Aye
Mayor Bradshaw—Aye
Mayor Brown—Aye

The guidelines were unanimously approved.

Mr. Hargett stated that the next item on the agenda was the annual review of the TLDA's Debt Management Policy ("DMP"). He called upon Ms. Thompson to present the item. Ms. Thompson stated that the DMP had been reviewed by SGF as was required to be performed at least annually. She stated that there were minor revisions, including replacing the acronym of CAFR (Comprehensive Annual Financial Report) with ACFR (Annual Comprehensive Financial Report) as required by GFOA and a few grammatical revisions. Ms. Thompson requested that the TLDA acknowledge the annual review of the DMP. Mr. Hargett inquired if there were any questions or comments. Hearing none, he stated that the TLDA acknowledged the annual review of the DMP and clarified that it was a nonvoting item. No further action was required by the TLDA. Mr. Hargett then moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was a report on SRF borrowers that had not submitted a request for project expense reimbursement. He recognized Ms. Felicia Freeman, Technical Team Manager, with the Tennessee Department of Environment and Conservation (TDEC), to present the item. Ms. Freeman explained that there were 16 projects on the "No Activity List" and that most were expected to submit reimbursement requests to the SRF program within the next month. She also noted that most of the loans were in compliance with their construction schedules. For the few loans that were not in compliance, Ms. Freeman confirmed that they were contacted to ensure they submitted their reports and got back on track with their construction schedules. Mr. Hargett asked if there were any questions about the report. Hearing none, he thanked Ms. Freeman for the report. This report provided information only and no action was required from the TLDA. Mr. Hargett then moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was an update on the SRF program's Clean Water and Drinking Water priority ranking lists ("CWPR" and "DWPR"). He recognized Ms. Freeman to present the item. Ms. Freeman reported 104 projects on the CWPR totaling \$492,890,221. She explained that over half of these projects were still interested in receiving SRF funding as either a grant or a loan. However, 27 communities decided not to

proceed with SRF funding due to the receipt of potential ARP (American Rescue Plan) funding, the governing council voting against it, or being undecided. Ms. Freeman then discussed the DWPRL, which had 143 projects totaling \$358,749,805. She confirmed that most communities were still interested in receiving SRF funding but also noted that 20% of the DWPRL projects had decided against SRF funding or had not responded with a reason. Mr. Hargett inquired if there were any questions or comments about the report. Hearing none, he thanked Ms. Freeman for the report. This report provided information only and no action was required from the TLDA.

Hearing no other business, Mr. Hargett asked for a motion to adjourn the meeting. Mr. Mumpower motioned to adjourn, and Mr. Bryson seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye
Mr. Lillard—Aye
Mr. Mumpower—Aye
Mr. Bryson—Aye
Mayor Bradshaw—Aye
Mayor Brown—Aye

The meeting was adjourned.

Approved on this _____ day of _____, 2023.

Respectfully submitted,

Sandra Thompson
Assistant Secretary



JASON E. MUMPOWER
Comptroller

July 10, 2023

Harvey Ellis
Town Manager
170 Doss Circle
PO Box 56
Oakland, TN 38060

Mr. Ellis:

This letter acknowledges that the Town of Oakland has provided written notice to the Tennessee Local Development Authority (the "TLDA") of its intent to enter into a loan agreement with The Public Building Authority of the City of Clarksville and the purchaser of the PBA's bond and that the loan will be issued subordinate to its State Revolving Fund (SRF) loans. In addition, this letter also acknowledges a waiver of the 45-day requirement for written notification pursuant to the TLDA SRF Policy and Guidance for Borrowers.

Please let us know if you need any additional information in this regard.

Sincerely,

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

Sandra Thompson
Director
Assistant Secretary to the Tennessee Local Development Authority
Division of State Government Finance
Office of the Comptroller of the Treasury

TOWN OF OAKLAND

170 DOSS CIRCLE
P.O BOX 56
OAKLAND, TENNESSEE 38060
PHONE (901) 465-8523 FAX (901) 465-1883



July 5, 2023
Via Email

Ms. Sandra Thompson
Director
Tennessee Local Development Authority
Cordell Hull Building
425 Rep John Lewis Way N
Nashville, Tennessee 37243

Re: Town of Oakland, Tennessee not to exceed \$18,000,000 Water and Sewer System PBA Loan

Dear Ms. Thompson:

The Town of Oakland (the "Town"), intends to enter into a loan agreement with the PBA City of Clarksville and the purchaser of the PBA's bond, in the amount of not to exceed \$18,000,000, to finance water and sewer system improvements, including the rehabilitation and expansion of the Town's wastewater treatment plant (the "Water/Sewer Loan").

The Town understands that TLDA must be notified of the incurrence of debt by the Town, even if the Water/Sewer Loan will not be on a parity with any SRF loans the Town has outstanding.

Therefore, this is to give notice that the Town acknowledges that the Water/Sewer Loan will be issued subordinate to its outstanding SRF Loans.

The bank, as the purchaser of the bond to be issued by the PBA, and as the lender under the Loan Agreement, has agreed that the Water/Sewer Loan will be subordinate to the Town's outstanding SRF Loans.

The Town has adopted the Initial Resolution at its June 22, 2023 meeting and has published such Initial Resolution in the local paper on June 28, 2023. The Town will adopt the necessary Loan Resolution at its July 20, 2023 meeting and will then submit a request for PBA loan approval to the Comptroller's office. The purchaser has only agreed to hold the existing rate of 4.58% through July 31, 2023.

The Town intends to enter into the Loan Agreement by July 31, 2023 in order to keep the existing rate. Therefore, the Town respectfully requests that the forty-five (45) day notice for written notification be waived.

If you have any questions or need any additional information, please let me know.

Yours truly,
TOWN OF OAKLAND, TENNESSEE

By: Harvey Ellis
Harvey Ellis, Town Manager



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

Section 1. Applicant Information *(Authorized representative responsible for project, signs certification below and hereby makes an application for a Project Loan to fund the following described activities or tasks concerning a facility or plan (the "Project").*

Legal Applicant Name:		Signatory's Title or Position:	
Facility Name:		Type of Entity: Choose an item.	
Mailing Address:		City:	State: Zip:
Phone:		E-mail:	
DUNS (UEI) Number:	Population Served:	County(ies) Served:	

Section 2. Contact/Consultant Information *(a consultant is not required)*

Alternate Contact Name:			
Company:		Title or Position:	
Mailing Address:		City:	State: Zip:
Phone:		E-mail:	
Phone:			

Section 3. Project Information <i>(Check all that apply)</i>	<input type="checkbox"/> Clean Water Project	<input type="checkbox"/> Green Project Reserve
	<input type="checkbox"/> Drinking Water Project	<input type="checkbox"/> Special Project

Detailed Project Description:	
The entire Project is estimated to cost:	\$
Amount of State Revolving Fund Loan Requested:	\$
Requested Term of Loan:	Years

Section 4. Project Funding Information *(Completed by SRFLP Office)*

Project Number:	Loan Amount:	\$
	Loan Forgiveness Amount:	
	Term of Loan in Years:	
	Bond Buyer Index Rate and Date:	
	ATPI:	
	Interest Rate:	

Section 5. Previous Loans (Completed by SRFLP Office)		
Program Loans:	The total amount of outstanding or applied for program loans under the Health Loan Programs of the Tennessee Local Development Authority is:	\$
Project Loans:	The total amount of outstanding or applied for project loans and the State Revolving Fund is: (this application is excluded)	\$

Section 6. Pledge of State-Shared Taxes or Security Deposit (Completed by SLF Office)		
Municipality:	State-Shared Taxes pledged to payment of outstanding obligations of the Local Government Unit in addition to the Program Loans and Project Loans listed above:	
	Amount of State-Shared Taxes received in prior fiscal year of the state:	\$
Utility District/ Authority:	A Security Deposit will be required in an amount equal to MADS.	
	Anticipated MADS:	\$

Section 7. Signature of Applicant or Signatory Authority (Application must be signed and dated. By signing, applicant verifies that all information supplied on this application is correct to the best of his/her knowledge. This application expires 90 days from the date the loan application is sent from SRFLP to the Applicant).	
I certify under penalty of law that this document and all attachments were prepared by me, or under my direction or supervision. The submitted information is to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. As specified in Tenn. Code Ann. § 39-16-702(a)(4), this declaration is made under penalty of perjury.	
Signature (Insert Name/Title Legal Applicant or Authorized Signatory Authority)	Date

Section 8. Signature of Department of Environment and Conservation	
David W. Salyers, P.E., Commissioner	Date

**APPLICANT NAME
LOAN NUMBER
AUTHORIZING RESOLUTION # _____**

RESOLUTION AUTHORIZING AND PROVIDING FOR THE FINANCING OF THE CONSTRUCTION OF A WATER FACILITIES PROJECT, INCLUDING AUTHORIZING THE EXECUTION OF APPLICATIONS, CONTRACTUAL AGREEMENTS, AND OTHER NECESSARY DOCUMENTS, AND MAKING CERTAIN REPRESENTATIONS, CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN CONNECTION WITH SUCH FINANCING.

APPLICANT IS APPLYING FOR A CLEAN WATER PROJECT ONLY

WHEREAS, the (name of local government) is a public and governmental body in (name of city/town location of local government), Tennessee (the "Local Government"); and

WHEREAS, the Local Government has determined that it is necessary and desirable to undertake certain activities or tasks in connection with a wastewater facilities project, Department of Environment and Conservation Number SRF (insert loan number) (the "Project"), in and for the Local Government; and

WHEREAS, Tennessee Code Annotated, Section 68-221-1001 et. seq., provide for the lending of funds in the wastewater facilities Revolving Loan Fund to Local Governments for the purpose of providing funds for project loans; and

WHEREAS, the local Government has determined that it is necessary and advisable to borrow funds for the Project pursuant to these sections.

APPLICANT IS APPLYING TO A DRINKING WATER PROJECT ONLY

WHEREAS, the insert name is a public and governmental body in insert city and county location , Tennessee (the "Local Government"); and

WHEREAS, the Local Government has determined that it is necessary and desirable to undertake certain activities or tasks in connection with a water facilities project, Department of Environment and Conservation Number insert loan number (the "Project"), in and for the Local Government; and

WHEREAS, Drinking Water Revolving Loan Fund Act of 1997, Tennessee Code Annotated, Sections 68-221-1201 et seq., provide for the lending of funds in the water facilities Revolving Loan Fund to Local Governments for the purpose of providing funds for Project Loans; and

WHEREAS, the Local Government has determined that it is necessary and advisable to borrow funds for the Project pursuant to these sections.

APPLICABLE TO BOTH CLEAN WATER AND DRINKING WATER PROJECTS

NOW, THEREFORE, be it resolved as follows:

Section 1. Local Government hereby approves the creation of indebtedness on behalf of the Local Government in the principal amount of insert alpha numerical information (\$insert dollar amount) by the obtaining of a Project Loan.

Section 2. The execution and delivery of the application for a Project Loan in the principal amount of **insert alpha numerical information (\$insert dollar amount) to include dollars (\$0) in loan forgiveness**, for the purpose of funding all or a portion of the total estimated cost of the Project, which is **insert alpha numerical information (\$insert dollar amount)**, by **insert name of authorized signatory authority**, the **insert title of signatory authority or authorized representative** of the Local Government, is hereby ratified and approved in all respects.

Section 3. The form, terms, and provisions of the agreement for the Project Loan among the Local Government, the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority (the "Loan Agreement"), as presented at this meeting, are hereby approved.

Section 4. The Local Government hereby agrees to honor and accept the method of financing as may be determined by the Authority pursuant to the Loan Agreement.

Section 5. The Local Government hereby agrees to make the monthly payments on the Project Loan in accordance with the Payment Schedule to be attached to the Loan Agreement.

Section 6. The Local Government hereby agrees to levy fees, rates or charges for services provided by the Project and/or to levy ad valorem taxes sufficient to pay the interest on and principal of the Project Loan in accordance with the Loan Agreement. The Local Government also agrees to levy fees, rates, or charges and/or ad valorem taxes sufficient to pay the cost of operation and maintenance of the water system of which the Project is a part, which cost shall include depreciation and all other debt service expense of the system.

Section 7. The Local Government assigns and pledges its **State-Shared Taxes or Security Deposit** to the State and consents to the withholding and application of **State-Shared Taxes or Security Deposit** in the event of failure by the Local Government to remit monthly payments in accordance with the terms of the Loan Agreement, as the Loan Agreement may be supplemented or amended from time to time.

Section 8. The Local Government hereby agrees that there are no local pledges of State-Shared Taxes other than those disclosed.

Section 9. The Local Government hereby agrees to obtain alternative methods of financing for all costs necessary for the completion of the Project which are in excess of the combined financing provided by any agency of the United States Government and by the Tennessee Local Development Authority.

Section 10. The **insert title of signatory authority or authorized representative** of the Local Government is authorized and directed to execute the Loan Agreement, and any amendments or supplements to the Loan Agreement, in the name and behalf of the Local Government; to deliver such documents to the other parties to such documents, such execution and delivery to be conclusive proof of the approval of the Local Government of such documents; and to take such further action and to execute and deliver such further instruments or documents as such officer may consider necessary or advisable in connection with the Loan Agreement. Provided, however, this resolution shall not be

deemed to grant authority to the named officer to approve any increase in the amount of the Project Loan.

Section 11. All orders, resolutions, or ordinances in conflict with this resolution are and the same are repealed insofar as such conflict exists. This resolution shall become effective immediately upon its passage.

Duly passed and approved this _____ day of _____, 2021.

I certify under penalty of law that this document and all attachments were prepared by me, or under my direction or supervision. The submitted information is to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. As specified in Tenn. Code Ann. § 39-16-702(a)(4), this declaration is made under penalty of perjury.

Name and Title of Official Signatory Authority

GENERAL CERTIFICATE
CITY/TOWN/COUNTY APPLICANT NAME
LOAN NUMBER

The undersigned, by **insert name of authorized signatory authority**, the **insert title of signatory authority or authorized representative** of **insert city and county location**, Tennessee ("Local Government"), **CERTIFIES** as follows:

1. The Local Government is a validly created and duly organized and existing subdivision of the State of Tennessee.
2. The resolution or ordinance of the Local Government duly adopted on **(insert date of resolution)**, a copy of which is attached, authorizing the undersigned to execute in the name and behalf of the Local Government all documents in connection with the Project Loan with the State of Tennessee to finance a project for:

the Drinking Water Revolving Loan Fund Act of 1997 ("Project") has not been mended, modified, supplemented, or rescinded since its date of adoption: or

the Wastewater Facilities Act of 1987 ("Project") has not been amended, modified, supplemented or rescinded since its date of adoption.
3. The resolution or ordinance of the Local Government duly adopted on **(insert date of resolution)**, a copy of which is attached, establishing the rate and fee structure for the **water or/wastewater(Choose water or wastewater)** system of which the Project is a part has not been amended, modified, supplemented, or rescinded since its date of adoption.
4. The Local Government is aware that each request for disbursement submitted pursuant to Section 5 of the Project Loan Agreement constitutes a reaffirmation by the Local Government as to the continuing truth and completeness of the statements and representations contained in the Project Loan Agreement.

IN WITNESS OF THE CERTIFICATE, the undersigned has executed this certificate and affixed the seal, if any, of the Local Government on this _____ day of _____, 2021.

I certify under penalty of law that this document and all attachments were prepared by me, or under my direction or supervision. The submitted information is to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. As specified in Tenn. Code Ann. § 39-16-702(a)(4), this declaration is made under penalty of perjury.

Name and Title of Official Signatory Authority

**REPRESENTATION OF
LOANS AND SECURITY DEPOSIT
UTILITY COMMISSIONS/AUTHORITY APPLICANT NAME
LOAN NUMBER**

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/Sewer				
SRF/Water				

*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 \$_____.

- 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/Sewer					
SRF/Water					

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

- c. The total MADS (a+b) is \$_____.

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 (insert day) day of (insert month), 20XX.

LOCAL GOVERNMENT

BY: _____

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

**REPRESENTATION OF
LOANS AND STATE-SHARED TAXES**
CITY/TOWN/COUNTY APPLICANT NAME
LOAN NUMBER

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 \$_____.

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/Water				

* 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 \$_____.

(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 \$_____.

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

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/Water					

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

4. Unobligated SSTs

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

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 (insert day) day of (insert month), 20XX.

LOCAL GOVERNMENT

BY: _____

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

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

APPLICANT NAME

LOAN NUMBER

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, _____, 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.

Signature and Title

Date

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

STATE REVOLVING FUND PROJECT LOAN AGREEMENT

APPLICANT NAME
LOAN NUMBER

This Loan Agreement is among the Tennessee Department of Environment and Conservation (the "Department"), the Tennessee Local Development Authority (the "Authority") and the (insert name of entity) (the "Local Government"), which is a Tennessee governmental entity authorized to own operate and manage water and/or wastewater facilities. The purpose of this Loan Agreement is to provide the financing of all or a portion of a (insert type of water) facility by the Local Government. The Local Government applied for financing on (insert date of application), which is hereby incorporated into this Loan Agreement.

1) DEFINITIONS.

Unless the context in this Loan Agreement indicates another meaning, the following terms shall have the following meaning:

- a) **"Administrative fee"** means the fee to be collected by the Authority for administration of the loan in accordance with Tenn. Code Ann. §§ 68-221-1004(a) and 68-221-1204(a), both as amended;
- b) **"Agreement"** means this Loan Agreement providing financing for the Project from the Fund;
- c) **"Facility"** means either a wastewater facility or a water system;
- d) **"Fund"** means:
 - i) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, Tenn. Code Ann. §§ 68-221-1001 to -1015, as amended, and rules and regulations promulgated thereunder; or
 - ii) For water projects, the drinking water revolving loan fund created by the Drinking Water Revolving Loan Fund Act of 1997, Tenn. Code Ann. §§ 68-221-1201 to -1207, as amended, and rules and regulations promulgated thereunder;
- e) **"Initiation of Operation"** means the date when all, but minor components of the Project have been built, all treatment equipment is operational, and the Project is capable of functioning as designed and constructed;
- f) **"Local Government"** means the governmental entity borrowing under this Loan Agreement described in (1) Tenn. Code Ann. § 68-221-1003(7), as amended, if a wastewater facility and (2) Tenn. Code Ann. § 68-221-1203(6), as amended, if a water system;
- g) **"Obligations"** means bonds, notes and any other evidence of indebtedness lawfully issued or assumed by the Local Government;
- h) **"Period of Performance"** allows for the payment of expenses if they incurred during the time period stated in the contract; and if the loan recipient received prior approval from the

program in writing to include the cost listing in the request for reimbursement, then it would be acceptable to pay.

- i) **"Project"** means the activities or tasks concerning a facility described in the application submitted by the Local Government to be financed pursuant to this Loan Agreement;
- j) **"Project Cost"** means the total amount of funds necessary to complete the Project;
- k) **"Project Loan"** means the funds loaned from the Fund to finance the Project and, except for principal forgiven, if any, required to be repaid pursuant to this Loan Agreement;
- l) **"Revenues"** means all fees, rents, tolls, rates, rentals, interest earnings, or other charges received or receivable by the Local Government from the water or wastewater system which is the Project, or of which the Project is or will be a component, including any revenues derived or to be derived by the Local Government from a lease, agreement or contract with any other local government, local government instrumentality, the state, or a state or federal agency for the use of or in connection with the system, or all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the Local Government from the operation of the system or arising from the system;
- m) **"State"** means the state of Tennessee acting through the Department and the Authority, jointly or separately, as the context requires;
- n) **"State-Shared Taxes"** has the meaning established by Tenn. Code Ann. Section 4-31-102, as amended; and
- o) **"Unobligated State-Shared Taxes"** means State-Shared Taxes which have not been pledged or applied to any other prior indebtedness.

2) PROJECT.

a) **Description.**

The description of the Project is as described in the application submitted by the Local Government.

b) **Funding Sources.**

The Local Government estimates the total Project Cost to be (\$numerical dollar amount) which is expected to be funded as follows:

Project Loan (less principal forgiveness, if applicable)	\$
Principal Forgiveness (if applicable)	\$
Local Funds	\$
Other Funds	\$
	\$
 TOTAL	 \$

c) **Type of Project. (Please check one)**

- i) Planning. (Project schedule is required)
The following project schedule is established:
 - (1) Submission of facilities plans on or before (insert date).
- ii) Planning and Design. (Project schedule is required)
The following project schedule is established:
 - (1) Submission of facilities plans on or before (insert date).
 - (2) Submission of engineering plans and specifications on or before (insert date).
- iii) Planning, Design, and Construction. (A project schedule is required)
The following project schedule is established:
 - i) Submission of engineering plans and specifications on or before (insert date).
 - ii) Start construction on or before (insert date).
 - iii) Initiate operation on or before (insert date).
 - iv) Complete construction on or before (insert date).

The Department's State Revolving Fund Loan Program may amend the project schedule above upon written request and for good cause shown.

The written request to amend the project schedule above should be submitted to the Department within 60 days prior to the end date of the milestones established above. The written request should detail the nature of the delay(s); the amended milestone dates; and any efforts to be implemented to adhere to the amended project schedule.

Failure to adhere to the project schedule established above or secure an amended project schedule from the State Revolving Fund Loan Program, will constitute a breach of contract, and may result in loss of principal forgiveness, loss of interest rate reduction or both.

The State Revolving Fund Loan Program may take other such actions as may be necessary relative to breach of contract against a borrower that fails to carry out its obligations under Tenn. Comp. R. & Regs. Chapter 0400-46-06 and this loan agreement up to and including cancellation of loan funding.

d) **Land Ownership, Easement, and Right-of-Ways.**

Land Acquisition.

- (1) Owner of a dwelling. The term owner of a dwelling means a person who is considered to have met the requirement to own a dwelling if the person purchases or holds any of the following interests in real property: Fee title, a life estate, a land contract, a 99-year lease, or a lease including any options for extension with at least 50 years to run from the date of acquisition per 40 CFR 24(20).
- (2) Additionally, the borrower must own easements and/or land, or have taken condemnation proceedings needed to construct the project before plans and specifications for a construction loan will be approved by the Department as per State Rule 0400-46-06-.06.

(3) By checking this box, the Local Government certifies that all property, easements, and rights-of-way necessary to construct the Project is owned or, in the case of right-of-way, is permitted for use by the Local Government.

(4) By checking this box, the Local Government certifies that it has acquired or has entered into condemnation proceedings for all real property including easements and rights-of-way that are or will be required for the construction (erection, extension, modification, addition), operation, and maintenance of the entire wastewater treatment works funded under this Project.

3) PROJECT FILES.

The State of Tennessee and/or the United States Environmental Protection Agency shall have access to the official project files and job site.

4) ~~FISCAL SUSTAINABILITY PLAN (FSP) REQUIREMENTS~~ **ASSET MANAGEMENT PLAN REQUIREMENTS. (CLEAN WATER PROJECTS ONLY)**

The Local Government will comply with the ~~Clean Water Act section 603(d)(1)(E) Fiscal Sustainability Plan (FSP)~~ requirements ~~set out in by developing and implementing an Asset Management Plan (AMP) the Clean Water Act section 603(d)(1)(E) by developing and implementing an FSP~~ that includes:

- a) an inventory of critical assets that are a part of the treatment works;
- b) an evaluation of the condition and performance of inventoried assets or asset groupings;
- c) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
- d) a plan for maintaining, repairing, and as necessary, replacing the treatment works and a plan for funding such activities; or

~~a certification that the recipient has developed and implemented a plan that meets the requirements under Type of Project.~~

e) By checking this box, the Local Government certifies that ~~an AMP FSP will be developed and implemented for the Project that is proposed for repair, replacement, or expansion.~~

f) By checking this box, the Local Government certifies that ~~an AMP FSP has been developed and implemented for the Project that is proposed for repair, replacement, or expansion.~~

~~The AMP FSP must be completed by the Notice to Proceed to start construction activities. The State and/or the federal government shall have access to the AMP FSP for review upon the first interim construction inspection site visit. The State has developed an Asset Management Plan AMP Guide to assist in the completion of an AMP. The guide is accessible on the SRF webpage.~~

Commented [GR1]: Include link?

Commented [VLJ2R1]: To be updated when website is updated. To be complete by 8/1/2023

5) COST AND EFFECTIVENESS ANALYSIS (CEA) REQUIREMENTS. (CLEAN WATER PROJECTS ONLY)

The Local Government will comply with the Cost and Effectiveness Analysis (CEA) requirements set out in the Clean Water Act section 603(b)(13) that includes:

- a) The Local Government has studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed or activity for which funding assistance is sought under this title; and
- b) The Local Government has selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account:—
 - (i) the cost of constructing the project;
 - (ii) the cost of operating and maintaining the project or activity over the life of the project; and
 - (iii) the cost of replacing the project.
- c) By checking this box, the Local Government certifies that an evaluation of the Project for cost and effectiveness has been conducted that meets the requirements outlined in 5(a) and 5(b).

5)6) LOAN.

- a) **Loan and use of proceeds.**

The State shall lend to the Local Government from funds available in the Fund an aggregate principal amount not to exceed **insert amount** to bear interest as described in (b) below. The Project Loan shall be used by the Local Government for completion of the Project and in accordance with engineering plans and specifications and special conditions, approved and required by the Department and hereby incorporated into this Loan Agreement. Interest on the Project loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 of this Loan Agreement.
- b) **Interest rate.**

The rate of interest for this Project Loan is **(insert rate)**, which is the rate established by the Authority at the meeting at which this Project Loan is approved and stated on the payment schedule which is incorporated into and attached to this Loan Agreement.
- c) **Administrative fee.**

The Authority shall collect a fee equal to eight basis points of the total Project Loan, where one basis point is equal to one-hundredth of one percent (0.01%). This fee shall be payable in monthly installments equal to one-twelfth (1/12) of the annual fee amount as stated on the payment schedule.
- d) **Payment schedule.**

The Local Government expressly agrees to make all payments of principal and interest in accordance with the payment schedule, including the form of payment (currently electronic funds transfer), as it is from time to time revised by the State. A revision of the payment schedule shall not be deemed to be an amendment of this Loan Agreement.

6)7) REPAYMENT OF PROJECT LOAN.

a) Payments.

i) The Local Government promises to repay to the order of the State the Project Loan plus interest, payable in installments on the 20th day of each month in accordance with the payment schedule established by the Authority and attached to this Loan Agreement. The payment schedule will require payments of interest to begin after the first disbursement pursuant to Section 6 of this Loan Agreement. The payment schedule will require repayments of principal to begin the earlier of:

(1) Within ninety (90) days after Initiation of Operation of the Project for construction loans or within two (2) years of loan approval for planning and design loans; or

(2) Within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed.

ii) Notwithstanding Section 5(a)(i)(1), the Authority may agree in the instance of a newly created water system to defer the commencement of principal repayment for no more than one year after Initiation of Operation of the Project.

b) Reduction.

i) The Project Loan, and the required payments made pursuant to the payment schedule, shall be reduced to reflect:

(1) Funding not listed in Section 2(b) which subsequently becomes available; or

(2) The amount actually disbursed by the State to the Local Government pursuant to the Loan Agreement as the Project Loan.

ii) If any of the conditions set out in Section (b)(i)(1) or (b)(i)(2) occur, a new payment schedule reflecting such changes shall be submitted to the Local Government to be attached to this Loan Agreement, superseding any previous schedules.

c) Prepayment.

The Local Government, at its option, may prepay all or any portion of the Project Loan.

d) Principal Forgiven.

A portion of the original principal amount of the Project loan may be forgiven by the State. The principal forgiven shall be (insert written number) percent (Insert numerical %) of the original principal amount of the project loan, or if the full original amount of the Project loan is not used, then (insert written number) percent (Insert numerical %) of the amount of the project loan actually disbursed. Notwithstanding Section 4 no interest shall accrue on the amount of principal forgiven pursuant to this Section 5(d).

7)8) DISBURSEMENT OF PROJECT LOAN.

a) Payment Methodology.

The Local Government shall receive disbursements of the Project Loan only for actual, reasonable, and necessary costs based upon the current approved Project Budget, not to exceed the Project Loan amount listed in Section 4(a). Upon progress toward the completion of the Project, as described in Section 4 of the Project Loan Application, the Local Government shall submit disbursement requests, including invoices and supporting documents of actual expenditures, prior to any reimbursement of allowable costs.

b) Disbursement Requirements.

The Local Government shall request disbursement from the State no more often than monthly with all necessary supporting documentation. Each disbursement request shall be sent to the contact indicated in Section 27 and shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly):

- i) Addressed to:
Department of Environment and Conservation
State Revolving Fund Loan Program
William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, 12th Floor
Nashville, Tennessee 37243
- ii) Via Email: SRF.Payments@tn.gov
- iii) Reference Number (assigned by the Local Government).
- iv) Date.
- v) Period to which the disbursement request is applicable.
- vi) Project Loan Number (assigned by the Department).
- vii) Local Government Name.
- viii) Local Government Tennessee Edison Registration ID Number Referenced in Preamble of this Loan Agreement.
- ix) Local Government Remittance Address.
- x) Local Government Contact for Invoice Questions (name, phone, or fax).
- xi) Itemization of Disbursement Requested for the Disbursement Period— it must detail, at minimum, all of the following:
 - i. The amount requested by Project Budget line-item (including any travel expenditure reimbursement requested and for which documentation and receipts, as required by "State Comprehensive Travel Regulations," are attached to the invoice).
 - ii. The amount disbursed by Project Budget line-item to date.
 - iii. The total amount disbursed under the Project Loan to date.
 - iv. The total amount requested (all line-items) for the Disbursement Period.

- c) **The Local Government understands and agrees to all of the following:**
- i) A disbursement request under this Loan Agreement shall include only requests for actual, reasonable, and necessary expenditures required in the delivery of service described by this Loan Agreement and shall be subject to the Project Budget and any other provision of this Loan Agreement relating to allowable disbursements.
 - ii) A disbursement request under this Loan Agreement shall not include any request for future expenditures.
 - iii) The period of performance for a disbursement request (\$200.77) means the time during which the Local Government may incur new obligations to carry out the work authorized under the Loan Agreement. The Local Government must include start and end dates of the period of performance in the Loan Agreement.
 - iv) The Local Government agrees that any pre-award costs (\$200.458), which are costs incurred prior to the effective date of the Loan Agreement directly pursuant to the negotiation and in anticipation of the Loan Agreement where such costs necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of Loan Agreement and **only** with the prior written approval of the State. If charged to the Loan Agreement, these costs must be charged to the initial budget period of the award, unless otherwise specified by the Federal awarding agency or pass-through entity.
 - v) **Planning Loans Only**
 - (1) The maximum allowable disbursement is 80% of the loan until the Facilities Plan is **received** by SRF.
 - (2) The maximum allowable disbursement is 90% of the loan until the Facilities Plan is **approved** by SRF.
 - vi) **Planning and Design Loans Only**
 - (1) The maximum allowable disbursement is 80% of the planning fees until the Facilities Plan is **received** by SRF.
 - (2) The maximum allowable disbursement is 90% of the planning fees until the Facilities Plan is **approved** SRF.
 - (3) The maximum allowable disbursement is 80% of the Design Loan or design fees until plans and specifications are **received** by SRF.
 - (4) The maximum allowable disbursement is 90% of the Design Loan until plans and specifications are **approved** by SRF.
- d) **Budget Line-items.**
Expenditures and disbursements under this Loan Agreement shall adhere to the Project Budget. Any increases or decreases within the Project Budget's grand total amounts shall require the Local Government to submit a request to amend the Project Budget and receive approval from the Department.
- e) **Travel Compensation.**

Disbursement to the Local Government for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time, and shall be contingent upon and limited by the Project Budget funding for said disbursement.

f) **Procurement.**

If other terms of this Loan Agreement allow disbursements for the cost of goods, materials, supplies, equipment, or contracted services, such procurement shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. The Local Government shall maintain documentation for the basis of each procurement for which a disbursement is made pursuant to this Loan Agreement. In each instance where it is determined that use of a competitive procurement method is not practical, supporting documentation shall include a written justification for the decision and for use of a non-competitive procurement. If the Local Government is a sub-recipient, the Local Government shall comply with 2 C.F.R. §§ 200.317—200.326 when procuring property and services under a federal award.

g) **Retainage.**

i) All construction contracts for the Project may provide for the withholding of retainage; provided, however, that the retainage amount may not exceed five percent (5%) of the amount of the contract.

ii) Proof of retainage deposits must be submitted with each disbursement request. In the instance of the first payment, documented proof of the retainage account must be submitted. Subsequent payments the Local Government must provide proof that retainage was deposited into the established retainage bank account. Upon the final payment requested from the Local Government, the Local Government will provide proof the all retainage is paid to its contractors.

iii) The Local Government shall release and pay all retainages for work completed pursuant to the terms of any contract to the prime contractor within 90 days after completion of the work or within 90 days after substantial completion of the project for work completed, whichever occurs first. As used in this subsection, work completed shall mean the completion of the scope of the work and all terms and conditions covered by the contract under which the retainage is being held. The prime contractor shall pay all retainages due to any subcontractor within 10 days after receipt of the retainages from the owner. Any subcontractor receiving the retainage from the prime contractor shall pay to any sub-subcontractor or material supplier all retainages due the sub-subcontractor or material supplier within 10 days after receipt of the retainages.

iv) Any default in the making of the payments shall be subject to those remedies provided in this Loan Agreement.

v) In the event that the Local Government or its prime contractor withholds retainage that is for the use and benefit of the prime contractor or its subcontractors pursuant to Tenn. Code Ann. § 66-34-104(a) and (b), neither the prime contractor nor any of its

subcontractors shall be required to deposit additional retained funds into an escrow account in accordance with Tenn. Code Ann. § 66-34-104(a) and (b).

vi)

- (1) It is an offense for a person, firm, or corporation to fail to comply with Tenn. Code Ann. §66-34-104(a).
- (2) A violation of this subsection (e) is a Class A misdemeanor, subject to a fine of three thousand dollars (\$3,000).
- (3) Each day a person, firm or corporation fails to comply with subsection (a) or (b) or Tenn. Code Ann. § 66-34-104(a) is a separate violation of this subsection (e).
- (4) Until the violation of this subsection (e) is remediated by compliance, the punishment for each violation shall be consecutive to all other such violations.
- (5) In addition to the fine imposed pursuant to subdivisions (e)(2)(A) and (B), the court shall order restitution be made to the owner of the retained funds. In determining the appropriate amount of restitution, the formula stated in Tenn. Code Ann. § 40-35-304 shall be used.

h) **Request for Disbursement as Certification.**

Each request by the Local Government for disbursement of the Project Loan shall constitute a certification by the Local Government that all representations made in this Loan Agreement remain true as of the date of the request and that no adverse developments affecting the financial condition of the Local Government or its ability to complete the Project or to repay the Project Loan plus interest have occurred since the date of this Loan Agreement unless specifically disclosed in writing by the Local Government in the request for disbursement. Submitted requests for disbursement must be supported by proper invoices and other documentation required by and acceptable to the Department and the Authority.

i) **Payment Certification.**

After the Department has certified and the Authority has approved a request for disbursement, the Authority will disburse the Project Loan during the progress of the Project. Each disbursement shall be by electronic funds transfer, or such other form of payment as specified in the payment schedule and shall be equal to that portion of the unpaid principal amount incurred to the date of the Local Government's request for disbursement. The amount of any principal forgiven shall be allocated on a pro-rata basis to each disbursement made.

j) **90% of the Project Loan.**

No more than 90% of the Project Loan shall be paid to the Local Government prior to the time:

- (1) the construction of the Project has been completed;
- (2) the facilities constituting the Project are, in the opinion of the Department, in proper operation; and
- (3) the Project has been approved by the Department. Following approval of the Project by the Department, the remaining 10% of the Project Loan may be paid to the Local Government. Provided, however, that if this Project Loan is for planning or planning and design, payments may be made prior to the completion of construction of the Project for the full amount of costs associated with the planning or planning and design.

8)9) ADDITIONAL FUNDING REQUEST.

a) Increase in Project Loan.

If the final Project Cost is greater than estimated in Section 2(b), then the Project Loan may be increased by an amendment executed by the parties to this Loan Agreement if the following conditions are fulfilled:

- i) Amounts in the Fund are authorized and available for such increase;
- ii) The increased Project Loan otherwise meets the applicable statutory requirements and the rules adopted thereunder; and
- iii) Such increase in this Project Loan does not result in any violation or breach of any contract, resolution, or ordinance of the Local Government

b) Loan Number and Interest Rate.

A companion or supplemental loan will be issued with an new loan number and the current interest rate will be applied.

c) Other Amendments and Modifications.

Any other amendment or modification of this Loan Agreement must first be approved by the Authority and must be in writing executed by the parties to this Loan Agreement.

9)10) NOTIFICATION OF DEFAULT OR DELAY OF PROJECT PERFORMANCE.

The Local Government shall provide written notice to the Department within 30 days of becoming aware of any event that prevents or causes the default or delay in the performance of its obligations under this Loan Agreement. The written notice should describe in reasonable detail the nature of the default or delay and any efforts, workaround plans, alternative sources, or other means being conducted to resume performance. If the Local Government's failure to perform is longer than 180 days, the Department may, upon notice to Local Government: (a) cancel principal forgiveness; or (b) cancel the loan funding, in whole or in part, and place the loan in repayment. The Local Government may reapply for another SRF loan once a resolution is reached by the Local Government and the Department.

10)11) TERMINATION FOR CONVENIENCE.

The State may terminate this Project Loan without cause for any reason. A termination for convenience shall not be a breach of this Loan Agreement. The State shall give the Local Government at least thirty (30) days written notice before the effective termination date. The Local Government shall be entitled to disbursement of loan funds for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Local Government for compensation for any service that has not been rendered. The final decision as to the amount for which the State is liable shall be determined by the State. The Local Government shall not have any right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount for the State its exercise of its right to terminate for convenience.

11)12) TERMINATION FOR CAUSE.

If the Local Government fails to properly perform its obligations under this Project Loan, or if the Local Government violates any terms of this Project Loan, the State shall have the right to immediately terminate this Project Loan and withhold payments in excess of fair disbursements for completed services. Notwithstanding the exercise of the State's right to terminate this Project Loan for cause, the Local Government shall not be relieved of liability to the State and Department for damages sustained by virtue of any breach of this Project Loan by the Local Government.

12)13) REPRESENTATIONS AND PLEDGES OF LOCAL GOVERNMENT.

The Local Government hereby represents, agrees, and covenants with the State as follows:

- a) To construct, operate, and maintain the Project in accordance, and to comply, with all applicable federal and state statutes, rules, regulations, procedural guidelines, and grant conditions;
- b) To comply with:
 - i) The Project schedule, engineering plans and specifications, and any and all special conditions established and/or revised by the Department; and
 - ii) Any special conditions established and/or revised by the Authority including, but not limited to, the Authority's "State Revolving Fund Policy and Guidance for Borrowers" adopted on September 21, 2016, with any amendments made as of the date of execution of the Project Loan Agreement, the terms, and conditions of which are adopted by reference as if fully set forth herein;
- c) To commence operation of the Project on its completion and not to contract with others for the operation and management of, or to discontinue operation or dispose of, the Project without the prior written approval of the Department and the Authority;
- d) To provide for the Local Government's share of the cost of the Project;
- e) To comply with applicable federal requirements including the laws and executive orders listed on Attachment A to this Loan Agreement;
- f) To advise the Department before applying for federal or other state assistance for the Project;
- g) To establish and maintain adequate financial records for the Project in accordance with generally accepted government accounting principles; to cause to be made an annual audit acceptable to the Comptroller of the Treasury of the financial records and transactions covering each fiscal year; and to furnish a copy of such audit to the Authority. In the event of the failure or refusal of the Local Government to have the annual audit prepared, then the Comptroller of the Treasury may appoint an accountant or direct the Department of Audit to prepare the audit at the expense of the Local Government;
- h) To provide and maintain competent and adequate engineering supervision and inspection of the Project to ensure that the construction conforms with the engineering plans and specifications approved by the Department;

- i) To abide by and honor any further guarantees or granting of security interests as may be required by the State which are not in conflict with state or federal law;
- j) To do, file, or cause to be done or filed, any action or statement required to perfect or continue the lien(s) or pledge(s) granted or created hereunder;
- k) To establish and collect, and to increase, user fees and charges and/or increase or levy, as the case may be, ad valorem taxes as needed to pay the monthly installments due under this Loan Agreement, as well as the other costs of operation and maintenance including depreciation and debt service of the system of which the Project is a part;
- l) The Local Government is subject to the jurisdiction of the Water and Wastewater Financing Board ("WWFB") established in Tenn. Code Ann. § 68-221-1008 or of the Utility Management Review Board ("UMRB") created in Tenn. Code Ann. § 7-82-701 as provided by law. If the Authority, in its sole discretion, determines that the Local Government's obligations under this Loan Agreement have been or may be impaired, the Authority may refer the Local Government to the WWFB or UMRB (each a "Board") as appropriate. In the event of default under this Loan Agreement, the Authority shall refer the Local Government to the Board having jurisdiction over the entity. In such event, the Local Government covenants, to the extent permitted by law, to request advisory technical assistance from the Board and to request that the Board propose any and all management, fiscal and/or rate changes necessary to enable the Local Government to fulfill its obligations to the Authority under this Loan Agreement. The Local Government agrees to supply the Board with any information that the Board may request in connection with its analysis of the Local Government's system. The Local Government agrees that it will implement any and all technical, management, fiscal and/or rate changes recommended by the Board and determined by the Authority to be required for the Local Government to fulfill its obligations to the Authority under this Loan Agreement.

Towns, Cities, and Counties.

- m) To receive the approval of the Authority prior to issuing any Obligations that are payable all or in part from any part of the Revenues if such Obligations are intended to be on parity or superior to the lien position created under this Loan Agreement;
- n) To notify the Assistant Secretary to the Authority in writing prior to issuing any Obligations that are payable all or in part from any part of the Revenues if such Obligations are intended to be subordinate to the lien position created under this Loan Agreement;
- o) To receive the approval of the Authority prior to pledging or encumbering the Local Government's State-Shared Taxes; and

Utility Districts & Commissions.

- p) To establish and collect, and to increase user fees and charges sufficient to meet a 1.20X debt service coverage to net revenues. Net revenues are gross earnings, fees and charges, less current expenses. Current expenses are those incurred in the operation of the system, determined in accordance with generally accepted accounting principles ("GAAP"), including the reasonable and necessary costs of operating, maintaining, repairing, and [insuring](#) [insuring](#)

Commented [GR3]: Insure means "protect against loss, damage, or injury" or "provide or obtain insurance on." Ensure means "make certain that something will occur."

the system, salaries, wages, cost of material and supplies, and insurance premiums, but shall specifically exclude depreciation and debt service payments;

- q) No additional debt payable from Revenues will be issued or entered into unless:
 - i) Prior approval is received from the Authority;
 - ii) The annual audit required by the terms of this Loan Agreement for the most recent fiscal year has been delivered within six (6) months after the end of such fiscal year;
 - iii) The covenant this Loan Agreement is met for the most recent fiscal year;
 - iv) The net revenues of the system for the next three fiscal years ending after the issuance of the additional debt will be sufficient to comply with the covenant in this Loan Agreement; and
 - v) The Local Government has adopted a revised schedule of rates and fees and taken action to put such revisions in effect at or prior to the issuance of the additional debt.

13)14) SECURITY AND DEFAULT.

- a) **Towns, Cities, and Counties.** As security for payments due under this Loan Agreement, the Local Government pledges users' fees, and charges and/or ad valorem taxes, and covenants and agrees that it shall increase such fees or increase or levy, as the case may be, ad valorem taxes as needed to pay the monthly installments due under this Loan Agreement, as well as the other costs of operation and maintenance of the system, including depreciation. The Local Government covenants to establish and collect such fees and taxes and to make such adjustments to raise funds sufficient to pay such monthly payments and costs but to create only a minimum excess. The Local Government further pledges such other additional available sources of Revenues as are necessary to meet the obligations of the Local Government under this Loan Agreement.

As further security for payments due under this Loan Agreement, the Local Government pledges and assigns subject to the provisions herein its Unobligated State-Shared Taxes in an amount equal to the maximum annual debt service requirements under this Loan Agreement. If the Local Government fails to remit the monthly payments as established in the payment schedule, the Authority shall deliver by certified mail a written notice of such failure to the Local Government within five days of such failure and the Authority shall suspend making disbursements as provided in Section 6 until such delinquency is cured. If the Local Government fails to cure payment delinquency within 60 days of the receipt of such notice, such failure shall constitute an event of default under this Loan Agreement and, in addition, the Authority shall notify the Commissioner of Finance and Administration of the State of Tennessee of the default of the Local Government and the assignment of Unobligated State-Shared Taxes under this Loan Agreement. Upon receipt of such notice, the Commissioner shall withhold such sum or part of such sum from any State-Shared Taxes which are otherwise apportioned to the Local Government and pay only such sums necessary to liquidate the delinquency of the Local Government to the Authority for deposit into the fund. The Local

Government acknowledges that it has no claim on State-Shared Taxes withheld as permitted under this Loan Agreement.

If the Local Government breaches any other provision of this Loan Agreement, the Authority shall deliver by certified mail a written notice of such breach to the Local Government within 30 days of the Authority learning of such breach. The Local Government's failure to cure the breach within 60 days from receipt of notice of such breach shall constitute an event of default under this Loan Agreement.

- b) **Utility Districts and Commissions.** As security for payments due under this Loan Agreement, the Local Government pledges user fees and charges, and covenants and agrees that it shall increase such fees and charges as needed to pay the monthly installments due under this Loan Agreement, as well as the other costs of operation and maintenance of the system, including depreciation. The Local Government further pledges such other additional available sources of Revenues as are necessary to meet the obligations of the Local Government under this Loan Agreement.

Prior to the first disbursement of funds under this Loan Agreement, the Local Government will deposit with the Authority an amount of funds equal to the maximum annual debt service (the "security deposit"). The amount of the security deposit will be adjusted to reflect adjustments in the payment schedule. The Authority will credit the Local Government with interest earnings on the security deposit on at least an annual basis pursuant to policy of the Authority.

As further security for payments due under this Loan Agreement, the Local Government pledges, and assigns, subject to the provisions herein, any funds due to the Local Government from the State.

If the Local Government fails either to fully fund the security deposit as provided above or to remit the monthly payments as established in the payment schedule, the Authority shall deliver by certified mail written notice of such failure to the Local Government within seven days of such failure and the Authority shall suspend making disbursements as provided in Section 6 until such delinquency is cured. If the Local Government fails to cure payment delinquency within 15 days of the receipt of such notice, such failure shall constitute an event of default under this Loan Agreement, and in addition, the Authority shall apply from the security deposit only the funds necessary to liquidate the amount of the delinquency of the Local Government to the Authority as of that date. If the funds deposited in the security deposit are not sufficient to cure the delinquency, the Authority shall notify the Commissioner of Finance and Administration, and the Commissioner shall withhold such amount from any funds otherwise due to the Local Government from the State and pay such amount to the Authority for deposit into the Fund. The Local Government acknowledges that it has no claim on such funds withheld or paid over as permitted under this Loan Agreement. The Local Government shall replenish the security deposit within 60 days from any withdrawal of funds from that account by the Authority to liquidate the delinquency as provided above. Failure to replenish the security deposit within 60 days shall constitute an event of default under this Loan Agreement.

If the Local Government breaches any other provision of the Loan Agreement, the Authority shall deliver by certified mail a written notice of such breach to the Local Government within 30 days of the Authority learning of the breach. The Local Government's failure to cure any breach within 60 days from receipt of notice of such breach shall constitute an event of default under this Loan Agreement.

- c) **Applicable to ALL.** Upon an event of default, the Authority may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. The Local Government shall be responsible for all costs that the Authority incurs in enforcing the provisions of this Loan Agreement after an event of default, including, but not limited to, reasonable attorneys' fees.

14)15) CONDITIONS PRECEDENT.

This Loan Agreement is further conditioned on the receipt of the following documents, in form and substance acceptable to the Authority, if applicable, on or before the date of the first disbursement of the Project Loan; each document is to be dated or certified, as the case may be, on or before the date of the first disbursement of the Project Loan:

- a) A general certificate of the Local Government certifying the resolution or ordinance authorizing the Local Government to enter into this Loan Agreement, the resolution or ordinance authorizing the rate and fee structure for the users of the system, and other matters;
- b) An opinion of the attorney or special counsel to the Local Government stating:
 - i) The Local Government has been duly created and is validly existing and has full power and authority (under its charter and by-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of this Loan Agreement;
 - ii) This Loan Agreement is duly executed and constitutes a valid and binding contract of the Local Government, enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium, or similar laws affecting the enforcement of creditors rights generally;
 - iii) This Loan Agreement is not in conflict in any material way with any contracts, resolutions, or ordinances of the Local Government; and
 - iv) There is no litigation materially adversely affecting this Loan Agreement or the financial condition of the Local Government;
- c) An opinion of a licensed engineer or certified public accountant as to the sufficiency of the rates, fees and charges and any other fees and charges to meet costs of operation and maintenance, including depreciation and all debt service of the Local Government, as set forth in Paragraph 11(k) above;
- d) An opinion of a licensed engineer as to the reasonableness of the project costs and as to the estimated completion date of the Project;

- e) If the Local Government is a **Utility District or Commission** and the Project for the expansion of a wastewater facility rather than remedial (correction of public health problem), the Local Government shall submit written evidence of consent to the expansion by the relevant governing bodies;
- f) If the Local Government is a **Town, City, or County**, a representation of the Local Government as to loans and State-Shared Taxes.

15)16) NONDISCRIMINATION.

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

16)17) PUBLIC NOTICE.

All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Local Government in relation to this Project Loan shall include the statement, "This project is funded by the Tennessee State Revolving Loan Program." All notices by the Local Government in relation to this Project Loan shall be approved by the State.

17)18) RECORDS.

The Local Government and any approved subcontractor shall maintain documentation for all charges under this Project Loan. The books, records, and documents of the Local Government, insofar as they relate to work performed or money received under this Project Loan, shall be maintained in accordance with applicable Tennessee law. In no case shall the records be maintained for a period of less than five (5) full years from the date of the final payment. The Local Government's records shall be subject to audit at any reasonable time and upon reasonable notice by the Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives.

- a) The records shall be maintained in accordance with Governmental Accounting Standards Board (GASB) Accounting Standards or the Financial Accounting Standards Board (FASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.
- b) In addition, documentation of grant applications, budgets, reports, awards, and expenditures will be maintained in accordance with the U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Grant expenditures shall be made in accordance with local government purchasing policies and procedures and purchasing procedures for local governments authorized under state law. The Local Government shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.

- c) The Local Government shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model as the basic foundation for the internal control system. The Local Government shall incorporate any additional Comptroller of the Treasury directives into its internal control system.
- d) Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Grantor State Agency, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.

18)19) LICENSURE.

Any person performing work funded through this Loan Agreement shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses.

19)20) AUDIT REPORT.

- a) The Local Government shall be audited in accordance with applicable Tennessee law.
- b) The Local Government will comply with the following 2 C.F.R. Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- c) The funding for this loan could be disbursed from federal or state sources or both. Therefore, the recipient should consider that all funding received is a federal award and abide by all relevant federal and/or state compliance requirements.
- d) The funding for this Project Loan is:
 CFDA Title: Capitalization Grants for Clean Water State Revolving Funds CFDA#: 66.458
 CFDA Title: Capitalization Grants for Drinking Water State Revolving Funds CFDA#: 66.468
 Research and Development Award: Number
 Grant Number: CS470001XX (insert CW grant award number)
 Grant Number: FS984272XX (insert DW grant award number)
 Federal Awarding Agency: Environmental Protection Agency
- e) Confirmations of funds disbursed can be obtained at fiscal year-end from the Tennessee Comptroller of the Treasury, Division of Local Government Audit’s Website at <https://comptroller.tn.gov/>. Any questions regarding sources of funds should be directed to the Department.
- f) At fiscal year-end, contact state SRF Loan Program for a breakdown by specific grant period(s), loan(s), and amount(s).
- i) 2 C.F.R. Part 200.501, 200.505, 200.512 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

2 C.F.R. § 200.501 states, “A non-Federal entity that expends \$750,000 or more during the non-Federal entity’s fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.”

2 C.F.R. § 200.512 states, "(1) The audit must be completed, and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day."

2 C.F.R. § 200.505 states, "In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities must take appropriate action as provided in § 200.338 Remedies for noncompliance."

A copy of the audit report shall be provided to the Comptroller by the licensed, independent public accountant. Audit reports shall be made available to the public.

2021) DAVIS-BACON ACT.

The Davis-Bacon Act, 46 Stat. 1494 (Pub. Law 71-800), and Related acts apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. The Davis-Bacon Act (DBA) and Related Acts require contractors and subcontractors to pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Davis-Bacon Act directs the Department of Labor to determine such locally prevailing wage rates. The Davis-Bacon Act applies to contractors and subcontractors performing work on federal or District of Columbia contracts. The prevailing Davis-Bacon Act wage provisions apply to the "Related Acts," under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance.

For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular rate of pay for all hours worked over 40 in a workweek. The overtime provisions of the Fair Labor Standards Act may also apply to DBA-covered contracts.

The Local Government will comply with the following:

- a) The Local Government must adhere to the most current Wage Rate (Davis-Bacon Act) applicable to the project.
- b) The bid advertisement for construction must state the wage rate requirements. The wage rate needs to be current at the bid opening.
- c) The wage determination (including any additional classifications and wage rates conformed) and a WH-1321 - Davis-Bacon Poster English and a WH-1321 - Davis Bacon Poster Spanish must be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen.
- d) The wage rate information can be obtained at www.wdol.gov/.

~~21)~~22) AMERICAN IRON AND STEEL.

The American Iron and Steel (AIS) provision requires Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance, or repair of a public water system or treatment works.

The Clean Water Act (CWA) includes permanent requirements for the use of AIS in CWSRF projects. Section 608 of the CWA now contains requirements for AIS that repeat those of the Consolidated Appropriations Act of FY 2014. As such, all CWSRF projects must comply with Section 608 of the CWA for implementation of the permanent AIS requirements. Therefore, all guidance's adopted for FY 2014 apply for the permanent AIS requirements for the CWSRF. The AIS provision is a permanent requirement for CWSRF treatment works projects. The America's Water Infrastructure Act of 2018 amended the Safe Drinking Water Act to extend the AIS provision for DWSRF projects through Fiscal Year 2023.

Waiver. Each Local Government that receives CWSRF and/or DWSRF water infrastructure financial assistance is required to use American made iron and steel products in the construction of its project. However, if the recipient can justify a claim made under one of the categories below, a waiver may be granted. Until a waiver is granted by EPA, the AIS requirement must be adhered to as described in the Act.

EPA's implementation memorandum on AIS requirements includes specific instructions for communities interested in applying for a waiver.

How to Request a Waiver

General Steps:

- a) Community prepares the waiver request and submits it to the State SRF. The request should include project specifications for the product.
- b) State SRF reviews and submits the request to EPA.
- c) EPA posts the waiver request for public comment for 15 days (see the Waiver Requests Received by EPA tab).
- d) EPA provides a response and posts it on the website.

23) BUILD AMERICA, BUY AMERICA (BABA) ACT

[In accordance with the Infrastructure Investment and Jobs Act \(IIJA\), Public Law No. 117-58, the Local Government must comply with all federal requirements applicable to receiving assistance](#)

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from IJA funding, which includes that all of the iron and steel, manufactured products, and construction materials used in the Project are to be produced in the United States unless:

- a) the Local Government has requested and obtained a waiver from the State, pertaining to the Project, or the Project is otherwise covered by a general applicability waiver; or
- b) all of the contributing Agencies have otherwise advised the Local Government in writing that the BABA requirements are not applicable to the Project.

EPA's BABA implementation memorandum includes specific instructions for product coverage, waivers, co-funding, and documenting compliance. For more information on the BABA requirements, visit the EPA Office of Water's website at <https://www.epa.gov/cwsrf/build-america-buy-america-baba> or you may also email questions to BABA-OW@epa.gov or contact the State. For information on approved waivers, visit <https://www.epa.gov/cwsrf/build-america>

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22)24) DISADVANTAGED BUSINESS ENTERPRISE (MBE)/WOMEN'S BUSINESS ENTERPRISE (WBE)

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from Disadvantaged Business Enterprises (DBE) in sub-agreement awards. The Minority Business Enterprises (MBE) fair share goal is 2.6% for construction and 5.2% for supplies, services, and equipment. The Women's Business Enterprises (WBE) fair share goal is 2.6% for construction and 5.2% for supplies, services, and equipment.

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Pursuant to 40 C.F.R. § 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services, and supplies under an EPA financial assistance agreement, and to require that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

- a) Ensure Disadvantaged Business Enterprises (DBE) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State, and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State, and local Government recipients, this includes dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

- e) Use the services and assistance of the Small Business Administration (SBA) and the Minority Business Development Agency of the Department of Commerce.
- f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e).

~~23)~~25) TITLE VI COMPLIANCE.

Local Government shall comply with requirements of Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d-1, pursuant to the guidelines established by the Tennessee Human Rights Commission's Title VI Compliance Office, by completing all of the following items:

- a) Provide name and contact information of Local Government's Title VI Coordinator to State.
- b) Ensure Policies and Procedures Manual contains a Title VI section with information on: (a) Filing a complaint; (b) Investigations; (c) Report of findings; (d) Hearings and appeals; (e) Description of Title VI Training Program; (f) Limited English Proficiency (LEP) procedure; and (g) Retaliation.
- c) Train all staff (regular, contract, volunteer) on Title VI upon employment and annually thereafter. Training documentation shall be made available upon request of State and include: 1) dates and duration of each training; 2) list of staff completing training on each date.
- d) Annually complete and submit a Title VI self-survey as supplied by Department.
- e) Implement a process and provide documentation to ensure service recipients are informed of Title VI and how to file a discrimination complaint.
- f) Additional Title VI resources may be found at: [Title VI Compliance Program Website](#).

~~24)~~26) FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA).

This Project Loan requires the Local Government to provide supplies or services that are funded in whole or in part by federal funds that are subject to FFATA. The Local Government is responsible for ensuring that all applicable FFATA requirements are met and that the Local Government provides information to the State as required.

~~25)~~27) DATA UNIVERSAL NUMBERING SYSTEM (DUNS).

The Local Government will obtain a Data Universal Numbering System (DUNS) number and maintain its DUNS number for the term of this Project Loan. More information about obtaining a DUNS Number can be found at: <http://fedgov.dnb.com/webform/>.

~~26)~~28) GOVERNING LAW.

This Loan Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Loan Agreement. The Local Government acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees, including but not limited to, the Department, the Authority, and

the employees thereof, arising under this Loan Agreement shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. Title 9, Chapter 8.

~~27)~~29) SEVERABILITY.

In the event any covenant, condition or provision of this Loan Agreement is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, the invalidity thereof shall in no way affect any of the other covenants, conditions, or provisions hereof.

~~28)~~30) NOTICES COMMUNICATIONS AND CONTACTS.

All instructions, notices, consents, demands, or other communications required or contemplated by this Project Loan shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective party as set out below: Any notice shall be delivered to the parties at the addresses below (or such other addresses as the parties shall specify to each other in writing):

To Department: Tennessee Department of Environment and Conservation
State Revolving Fund Loan Program
312 Rosa L. Parks Ave, 12th Floor
Nashville, TN 37243
ATTN: Administrative/Financial Manager

To Authority: Tennessee Local Development Authority
Cordell Hull Building
425 Rep. John Lewis Way N.
Nashville, TN 37243-3400
ATTN: Assistant Secretary

To Local Government: **Insert Name of Local Government Name**
Insert Address of Local Government
Insert Address of Local Government
Insert Address of Local Government
ATTN: Insert Local Government Contact

~~29)~~31) SECTION HEADINGS.

Section headings are provided for convenience of reference only and shall not be considered in construing the intent of the parties to this Loan Agreement.

~~30)~~32) SPECIAL CONDITIONS.

~~31)~~33) EFFECTIVE DATE.

The effective date of this Loan Agreement shall be the date on which the Authority approves this Loan Agreement as by the signature.

IN WITNESS WHEREOF, the parties to this Loan Agreement have caused the Loan Agreement to be executed by their respective duly authorized representatives.

LOCAL GOVERNMENT

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

Name: _____
(City/Town/County/UD/Authority)

Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

Meeting Approval Date: _____

Interest Rate: _____

APPROVED AS TO FUNDING:

COMMISSIONER, DEPARTMENT OF ENVIRONMENT AND CONSERVATION

COMMISSIONER OF FINANCE AND ADMINISTRATION

Signature: _____
David W. Salyers, P.E., Commissioner

Signature: _____

Date: _____

Date: _____

APPROVED AS TO FORM:

**DEPARTMENT OF ENVIRONMENT AND CONSERVATION
OFFICE OF GENERAL COUNSEL**

Signature: _____

Date: _____

THIS LETTER IS ONLY APPLICABLE FOR CITY/TOWN/COUNTY

(PLEASE TYPE ON CITY ATTORNEY'S LETTERHEAD)

(MUST BE SIGNED ON OR AFTER THE DATE OF THE LOAN AGREEMENT SIGNATURE)

(insert date)

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

RE: **Insert Name of City/Town/County**

Loan #:

Project Description:

Dear Madam/Sir:

I am the City/Town/County (choose either city or town/county) Attorney for (insert name of entity) (insert name of City/Town), Tennessee and I have reviewed the Revolving Fund Loan Agreement for the above referenced project (the "Agreement") in the amount of \$insert numerical dollar amount.

Pursuant to provisions of Paragraph 9 of the Loan Agreement, you have requested that the (insert name of entity) City/Town of (insert name of City/Town), Tennessee furnish you with my opinion as to certain matters. It is my opinion that:

1. The (insert name of entity) (insert name of City/Town), Tennessee, a municipality, has been duly created and is validly existing and has full power and authority (under its Charter and By-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of the Agreement;
2. The Agreement is duly executed and constitutes a valid and binding contract to the City/Town of (insert name of entity) (insert name of City/Town), Tennessee, a municipality, enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium, or similar laws affecting the enforcement of creditors rights generally;
3. The Agreement is not in conflict in any material way with any contracts or ordinances of the (insert name of entity) (insert name of City/Town), Tennessee, municipality; and
4. There is no litigation materially adversely affecting the Agreement or the financial condition of the (insert name of entity) (insert name of City/Town), Tennessee, Tennessee, a municipality.

Sincerely,

Name, Title
Firm

THIS LETTER IS ONLY APPLICABLE FOR UD/AUTHORITY
(PLEASE TYPE ON CITY ATTORNEY'S LETTERHEAD)

(MUST BE SIGNED ON OR AFTER THE DATE OF THE LOAN AGREEMENT SIGNATURE)

(insert date)

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

RE: **Insert Name of UD/Authority**
Loan #:
Project Description:

Dear Madam/Sir:

I am the Attorney for the (insert name of entity) the ("Utility District") ((Water/Wastewater/Energy) "Authority") (choose either UD or Authority) and I have reviewed the Revolving Fund Loan Agreement for the above referenced project (the "Agreement") in the amount of \$ insert numerical dollar amount. Pursuant to provisions of Paragraph 9, you have requested that the utility district furnish you with my opinion as to certain matters. It is my opinion that:

1. The (insert name of entity) of Tennessee, a Tennessee utility district/Authority(choose either UD or Authority), has been duly created and is validly existing and has full power and authority (under its Charter and By-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of the Agreement;
2. The Agreement is duly executed and constitutes a valid and binding contract of the utility district/Authority (choose either UD or Authority) , enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors rights generally;
3. The Agreement is not in conflict in any material way with any contracts or resolutions of the utility district/Authority (choose either UD or Authority); and
4. There is no litigation materially adversely affecting the Agreement or the financial condition of the utility district/Authority (choose either UD or Authority).

Sincerely,

Name, Title
Firm

(PLEASE TYPE ON ENGINEER'S LETTERHEAD)
(MUST BE SIGNED ON OR AFTER THE DATE OF THE LOAN AGREEMENT SIGNATURE)

(insert date)

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

RE: **Insert Name of City/Town/UD/Authority**
Loan #:
Project Description:

Dear Madam/Sir:

We are the consulting engineers for the City/Town/UD/Authority of (insert name of entity) (insert name of City/Town), Tennessee. Pursuant to Paragraph 9 of the Revolving Fund Loan Agreement in the amount of \$insert numerical dollar amount to finance the above referenced project, you have requested that the City/Town/UD/Authority of (insert name of City/Town) furnish you with our opinion as to certain matters. We are of the opinion:

1. The user charges implemented by the (insert name of entity) (insert name of City/Town), Tennessee are sufficient based on a Rate Study dated (insert date of rate study) to meet costs of operation and maintenance including depreciation and all debt service of the system; and
2. The estimated Project costs are reasonable; and
3. The estimated completion date of the Project will be (insert date project completion date).

Sincerely,

Name, Title
Firm

ATTACHMENT A

FEDERAL LAWS AND EXECUTIVE ORDERS

ENVIRONMENTAL:

Clean Air Act (Pub. L. 101-549, 42 U.S.C. § 7401, et seq.), as amended.

Endangered Species Act (Pub. L. 93-205, 16 U.S.C. § 1531, et seq.), as amended.

Environmental Justice, Executive Order 12898, 59 Fed. Reg. 7629 (1994), as amended.

Floodplain Management, Executive Order 11988 42 Fed Reg. 26951 (1977), as amended by Executive Order 12148, 44 FR 43239 (1979) (pertaining to Federal Emergency Management) and as further amended by Executive Order 13690, 80 FR 6425 (2015), as amended.

Protection of Wetlands, Executive Order 11990, 42 Fed Reg. 26961 (1977), as amended.

Farmland Protection Policy Act, (Pub. L. 97-98, 7 U.S.C. § 4201, et seq.), as amended.

Fish and Wildlife Coordination Act, (Pub. L. 85-624, 16 U.S.C. § 661 et seq.), as amended.

National Historic Preservation Act of 1966, (Pub. L. 113-287, 54 U.S.C. § 300101 et seq.), as amended.

Water Pollution Control Act of 1972, (Pub. L. 114-181, 33 U.S.C. § 1251 et seq.), as amended.

Safe Drinking Water Act (Title XIV of the Public Health Service Act, Pub. L. 93-523, 42 U.S.C. § 300f et seq.), as amended.

Wild and Scenic Rivers Act, (Pub. L. 90-542, 28 U.S.C. § 1271, et seq.), as amended.

Water Resources Reform and Development Act (WRRDA), (Pub. L. 113-121).

America's Water Infrastructure Act of 2018 (AWIA), (Pub. L. 115-270).

Archeological and Historic Preservation Act of 1974, (Pub. L. 86-523, 16 U.S.C. 469-469c), as amended

Improper Payment Elimination and Recovery Act of 2010, (31 U.S.C. § 3321 et seq.).

ECONOMIC AND MISCELLANEOUS AUTHORITIES:

Demonstration Cities and Metropolitan Development Act of 1966, (Pub. L. 89-754, 42 U.S.C. § 3331, et seq.), as amended.

Inter-governmental Review of Federal Programs, Executive Order 12372, 47 Fed. Reg. 30959 (1982), as amended.

Procurement Prohibitions under Section 306 of the Clean Air Act, 42 U.S.C. § 7606, and Section 508 of the Clean Water Act, 33 U.S.C. § 1368, including Executive Order 11738, 38 Fed. Reg. 25161(1973) (Administration of Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants and Loans), as amended.

Uniform Relocation and Real Property Acquisition Policies Act (Pub. L. 91-646, 42 U.S.C § 4601, et seq.), as amended.

Debarment and Suspension, Executive Order 12549, 51 Fed. Reg. 6370 (1986), as amended.

Kickbacks from Public Works Employees Prohibited, 18 U.S.C. § 874.

Requirements for Public Work Contractors to Comply with U.S. Dept. of Labor Regulations (Pub. L. 103-322, Title XXXIII, § 330016(1)(K), 40 U.S.C. § 3145), as amended.

Contract Work Hours and Safety Standards Act (Pub. L. 111-350, 40 U.S.C. § 3701, et seq.), as amended.

SOCIAL POLICY AUTHORITIES:

Age Discrimination in Employment Act (Pub. L 114-181, 29 U.S.C. § 621, et seq.), as amended.

Title VI of Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. § 2000d, et seq.), as amended, and related anti-discrimination statutes.

Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112, 29 U.S.C. § 701), as amended, and Executive Order 12250 (45 Fed. Reg. 72995 (1980)).

Equal Employment Opportunity, Executive Order 11246 [30 Fed. Reg. 12319, 12935 (1965)].

Executive Order 11375 (32 Fed. Reg. 14303 (1967)), and Executive Order 13672 (79 Fed. Reg. 42971 (2014)).

Women's and Minority Business Enterprise Executive Orders 11625 (36 Fed. Reg. 19967 ((1971)), 12138 (44 Fed. Reg. 29637 (1979)), and 12432 (48 Fed. Reg. 32551 (1983)).

Section 129 of Small Business Administration Reauthorization and Amendment Act (Pub. L. 100-590, 15 USC § 637), as amended.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
 DIVISION OF WATER RESOURCES

**Clean Water State Revolving Fund (CWSRF) Loan Program
 Funds Available for Loan Obligation
 August 21, 2023**

Unobligated Balance as of April 26, 2023			\$ 205,696,268
<u>Increases:</u>		<u>Loan Number</u>	<u>Amount</u>
City of Dyersburg		CG7 2020-439	\$ 1,240,746
			\$ 1,240,746
Unobligated Balance as of August 21, 2023			\$ 206,937,014
<u>Decreases:</u>		<u>Loan Number</u>	<u>Amount</u>
City of Rocky Top (Principal amount)		CG21 2023-482	\$ 697,500
City of Rocky Top (Principal Forgiveness)			\$ 465,000
City of Rocky Top (Principal amount)		CGB22 2023-483	\$ 697,500
City of Rocky Top (Principal Forgiveness)			\$ 465,000
			\$ (2,325,000)
Remaining Funds Available for Loan Obligations as of August 21, 2023			\$ 204,612,014

FACT SHEET

August 21, 2023

Borrower: City of Rocky Top
Project Number: CG21 2023-482
Requested SRF Funding: \$1,162,500
Term: 20 years
Rate: 1.73% = 2.89% X 60% (Tier 2)

Project:

Green - I/I Correction (Rehabilitation of approximately 33,000 LF of sewer lines by methods of CIPP, pipe bursting, and/or open cut, and manhole rehabilitation.) Construction Only

Total Project Cost:	\$4,831,111
Project Funding:	
SRF Loan Principal (60%)	\$ 697,500
Principal Forgiveness (40%)	\$ 465,000
Other Funds (CGB22 2023-483)	<u>\$1,162,500</u> \$ 2,325,000 ¹
Other Funds (ARC Grant)	\$ 500,000
Other Funds (CDBG Grant)	\$ 630,000
Other Funds (TDEC ARPA Grant)	<u>\$1,376,111</u> \$ 2,506,111

County:	Anderson and Campbell Counties
Consulting Engineer:	Cannon & Cannon, Inc.
Priority Ranking List:	2022
Priority Ranking:	35 of 104 ²
Public Meeting:	03/21/2023

Financial Information:

Operating Revenues:	\$1,308,517
Current Rate:	\$55.44
Financial Review Rate:	\$55.44
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	732
Audit Report Filed:	01/12/2023 (Late) ³
Initial Financial Sufficiency Review:	02/23/2023
Updated Financial Sufficiency Review:	N/A

¹ This project is split between two loans (CGB22 2023-483; CG 21 2023-482) with the same amount for each loan, (\$1,162,500). Together they total \$2,325,000. This project also includes funding from CDBG, ARC Grants totaling \$2,506,111. The total project cost is \$4,831,111.

² The Project ranked #35 of 104 on the 2022 Priority Ranking List (PRL).

³ Late Audit report explanation letter provided to SRF.

FACT SHEET
August 21, 2023

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: \$255,288

MADS:	Prior Obligations:	\$ 87,612
	Proposed loan(s):	
	CG21 2023-482	\$ 41,280
	CGB22 2023-483	<u>\$ 41,280</u>
	Totals	<u>\$ 170,172</u>

MADS as a percentage of SSTs: 66.66%

**REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
CITY OF ROCKY TOP
CG21 2023-482**

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 \$255,288.

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 2018-418	\$432,556	\$0	\$87,612

* 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 \$87,612.

(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 \$87,612.

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	CG21 2023-482	1.73%	\$697,500	\$465,000	\$41,280
SRF/Sewer	CGB22 2023-483	1.73%	\$697,500	\$465,000	\$41,280

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$82,560.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$85,116.

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 4th day of August, 2023.

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

LOCAL GOVERNMENT

BY:


Kerry Templin, Mayor

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)
CITY OF ROCKY TOP
CG21 2023-482

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 Rocky Top, 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.


Kerry Templin, Mayor

August 4, 2023
Date

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

FACT SHEET

August 21, 2023

Borrower: City of Rocky Top
Project Number: CGB22 2023-483
Requested SRF Funding: \$1,162,500
Term: 20 years
Rate: 1.73% = 2.89% X 60% (Tier 2)

Project:

Green - I/I Correction (Rehabilitation of approximately 33,000 LF of sewer lines by methods of CIPP, pipe bursting, and/or open cut, and manhole rehabilitation.) Construction Only

Total Project Cost:	\$4,831,111
Project Funding:	
SRF Loan Principal (60%)	\$ 697,500
Principal Forgiveness (40%)	\$ 465,000
Other Funds (CG21 2023-482)	<u>\$1,162,500</u> \$ 2,325,000 ¹
Other Funds (ARC Grant)	\$ 500,000
Other Funds (CDBG Grant)	\$ 630,000
Other Funds (TDEC ARPA Grant)	<u>\$1,376,111</u> \$ 2,506,111

County:	Anderson and Campbell Counties
Consulting Engineer:	Cannon & Cannon, Inc.
Priority Ranking List:	2022
Priority Ranking:	35 of 104 ²
Public Meeting:	03/21/2023

Financial Information:

Operating Revenues:	\$1,308,517
Current Rate:	\$55.44
Financial Review Rate:	\$55.44
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	732
Audit Report Filed:	01/12/2023 (Late) ³
Initial Financial Sufficiency Review:	02/23/2023
Updated Financial Sufficiency Review:	N/A

¹ This project is split between two loans (CGB22 2023-483; CG 21 2023-482) with the same amount for each loan, (\$1,162,500). Together they total \$2,325,000. This project also includes funding from CDBG, ARC Grants totaling \$2,506,111. The total project cost is \$4,831,111.

² The Project ranked #35 of 104 on the 2022 Priority Ranking List (PRL).

³ Late Audit report explanation letter provided to SRF.

FACT SHEET
August 21, 2023

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: \$255,288

MADS:	Prior Obligations:	\$ 87,612
	Proposed loan(s):	
	CGB22 2023-483	\$ 41,280
	CG21 2023-482	<u>\$ 41,280</u>
	Totals	<u>\$ 170,172</u>

MADS as a percentage of SSTs: 66.66%

**REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
CITY OF ROCKY TOP
CGB22 2023-483**

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 \$255,288.

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 2018-418	\$432,556	\$0	\$87,612

* 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 \$87,612.

(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 \$87,612.

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	CGB22 2023-483	1.73%	\$697,500	\$465,000	\$41,280
SRF/Sewer	CG21 2023-482	1.73%	\$697,500	\$465,000	\$41,280

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$82,560.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$85,116.

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 4th day of August, 2023.

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

LOCAL GOVERNMENT

BY:



Kerry Templin, Mayor

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

CITY OF ROCKY TOP CGB22 2023-483

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 Rocky Top, 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.


Kerry Templin, Mayor

August 4, 2023

Date

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



CITY OF ROCKY TOP

Proud Past • Bright Future

August 9, 2023

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

RE: City of Rocky Top
Loans #:CG21 2023-482 and CGB 2023-483

Dear Madam/Sir:

This letter is to inform you about the status of our June 2022 audit report. This report has been filed and posted on the website for the Tennessee State Comptroller's Office. Unfortunately, the report was filed shortly after December 31, 2022, making it delinquent.

There was a question that arose from the Comptroller's Office that caused the delay in submitting our Audit.

Please do not hesitate to reach out with any additional questions or needs.

Sincerely,

CITY OF ROCKY TOP

Mike Ellis
City Manager



JASON E. MUMPOWER
Comptroller

August 14, 2023

Mr. Mike Ellis
City of Rocky Top
PO Box 66
Rocky Top, Tennessee 37769

Dear Mr. Ellis:

During the review of the City of Rocky Top's (the "City") State Revolving Fund (SRF) loan application, the Tennessee Department of Environment and Conservation (TDEC) observed that the District had not filed its fiscal year 2022 audit report within six months after fiscal year end and provided a letter regarding the delinquency to our office that serves as staff to the Tennessee Local Development Authority (TLDA).

The City cited that the reason for the late submission was because of a question from the Comptroller's Office. The Comptroller's Division of Local Government Audit (LGA) has clarified that the report was initially filed on January 12, 2023. Subsequently, the City's Audit firm submitted a revision on April 27, 2023, to correct typographical errors in the report. Please note that the audit contract does not provide for filing annual audit reports later than six months after the fiscal year end, and LGA did not grant permission to extend the contracted filing deadline. Please contact LGA for clarification on audit contract requirements.

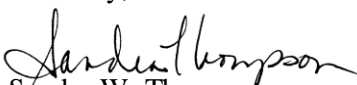
Please be aware that the SRF loan agreement and state law require local governments to file an annual audit report within six months after fiscal year end. Failure to timely file reports may delay, or result in disapproval of, SRF loan approvals and funding requests. The City's loan application will be presented for consideration for approval at the August 21, 2023, TLDA meeting with the expectation that the City will file its future reports on time.

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,


Sandra W. Thompson

Director
Comptroller of the Treasury
Division of State Government Finance
Assistant Secretary to the TLDA

CC: Vena Jones, SRF Program Director
Jean K. Suh, Contract Audit Review Manager, LGA

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
August 21, 2023**

Unobligated Balance as of May 31, 2023			\$ 98,348,313
<u>Increases:</u>	<u>Loan Number</u>	<u>Amount</u>	
			\$ -
Unobligated Balance as of August 21, 2023			\$ 98,348,313
<u>Decreases:</u>	<u>Loan Number</u>	<u>Loan Amount</u>	
City of Maynardville (Principal Amount)	DW9 2023-257	\$37,500	
City of Maynardville (Principal Forgiveness)		\$37,500	
			\$ (75,000)
Remaining Funds Available for Loan Obligations as of August 21, 2023			<u>\$ 98,273,313</u>

FACT SHEET

August 21, 2023

Borrower: City of Maynardville
Project Number: DW9 2023-257
Requested SRF Funding: \$75,000
Term: 5 years
Rate: 1.14% = 2.85% X 40% (Tier 1)

Project:

Green - Water Meter Replacement (Installation of approximately 2,700 AMI meters throughout the distribution system.) Planning and Design

Total Project Cost:	\$75,000
Project Funding:	
SRF Loan Principal (50%)	\$37,500
Principal Forgiveness (50%)	\$37,500
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Union County
Consulting Engineer:	ARDURRA Group
Priority Ranking List:	2022
Priority Ranking:	76 of 143 ¹
Public Meeting:	04/11/2023

Financial Information:

Operating Revenues:	\$2,792,437
Current Rate:	\$45.81
Financial Review Rate:	\$45.81
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	2,555
Audit Report Filed:	01/10/2023 (Late) ²
Initial Financial Sufficiency Review:	03/16/2023
Updated Financial Sufficiency Review:	N/A

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

¹ The Project ranked #76 of 143 on the 2022 Priority Ranking List (PRL).

² Late Audit report explanation letter provided to SRF.

FACT SHEET
August 21, 2023

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: \$373,851

MADS:	Prior Obligations:	\$141,300
	Proposed loan(s):	
	DW9 2023-257	<u>\$ 7,719</u>
	Totals	<u>\$149,019</u>

MADS as a percentage of SSTs: 39.86%

**REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
CITY OF MAYNARDVILLE
DW9 2023-257**

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 \$373,851.

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	CGA 2009-236	\$792,000	\$528,000	\$45,600
SRF/Water	DWF 2006-066	\$1,770,000	\$0	\$95,700

* 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 \$141,300.

(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 \$141,300.

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	DW9 2023-257	1.14%	\$37,500	\$37,500	\$7,719

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$7,719.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$224,832.

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 13th day of June, 2023.

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

LOCAL GOVERNMENT

BY:



Ty Blakely, Mayor

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)
CITY OF MAYNARDVILLE
DW9 2023-257

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

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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, City of Maynardville, 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.


Ty Blakely, Mayor

June 13, 2023
Date

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



June 13, 2023

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

RE: City of Maynardville (Union County)

Loan #:DW9 2023-257

Project Description: Green-Water Meter Replacement (Installation of approximately 2,700 AMI meters throughout the distribution system.) Planning and Design

Dear Madam/Sir:

This letter is to inform you about the status of our June 2022 audit report. This report has been filed and posted on the website for the Tennessee State Comptroller's Office. Unfortunately, the report was filed shortly after December 31, 2022, making it delinquent. Once the City received the audit, we were working through internal reviews which took time.

In the future, the City will do everything possible to assure that audit reports are finalized, approved, and posted no later than December 31st of each year.

Please do not hesitate to reach out with any additional questions or needs.

Sincerely,

CITY OF MAYNARDVILLE

Thomas McCormick
City Manager

Tennessee Asset Management Plan Guide





Asset Management Plan Guide

July 2023

Lead Agency:

Tennessee Department of Environment and Conservation (TDEC)

Contributors:

Tennessee Association of Utility Districts (TAUD)

KCI Technologies

Division of Water Resources Programs:

State Water Infrastructure Grants

Drinking Water

State Revolving Fund

Engineering Services

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DISCLAIMER: The Tennessee Asset Management Plan, including the spreadsheet and assessment methods are intended for the development of an asset management plan (AMP), condition assessment and prioritization of critical asset renewal needs. The assessment of individual assets is scored based on their current condition as compared to a reference standard. In part, or as a whole, the AMP guidance documents are not intended as a substitute for engineered planning and design. The Tennessee Department of Environment and Conservation assumes no liability for utility decisions based on these tools. This document is guidance only and does not create legal rights or obligations. Mention of trade names or commercial products does not constitute an endorsement or recommendation for use.

Executive Summary

Asset management plans (AMP) are a critical component of effectively managing water, wastewater, and stormwater infrastructure. The Environmental Protection Agency defines AMPs as the practice of managing infrastructure capital assets to minimize the total cost of owning and operating them, while delivering the service level customers desire. This management framework has been widely adopted by the water sector to pursue and achieve sustainable infrastructure. Although utility owners and operators build AMPs specific to their system, the foundation of this process is the same. Without a proper AMP, utilities can struggle to maintain compliance with state and federal regulations, secure adequate funding for capital improvements, and address customer needs. A proper AMP strongly supports a utility's technical, managerial, and financial (TMF) capacity to continuously provide safe, reliable drinking water, wastewater, or stormwater services. Well-developed plans for asset management can improve service, reliability, and regulatory compliance; reduce risk and unexpected costs; and enhance communication with customers and stakeholders. These plans also help budget for ongoing maintenance while planning for asset renewal, growth, and capacity expansion in a strategic manner.

This AMP guide outlines basic asset management plan components and is designed to meet the minimum criteria for Water Infrastructure Investment Plan (WIIP) American Rescue Plan (ARP) grants. Some utilities may have asset management programs and plans that far exceed this guide and its companion templates. Other utilities may have elements of an AMP but lack a comprehensive plan to meet the grant requirements. Even if your utility has a robust AMP, your utility should use this guidance to assess your current AMP for areas of potential updates.

The Tennessee Department of Environment and Conservation (TDEC), Division of Water Resources (DWR), convened public and private partners for the development of this guidance. DWR program managers and staff from Engineering Services, State Revolving Fund (SRF), Drinking Water, and State Water Infrastructure Grants programs along with the Tennessee Association of Utility Districts (TAUD), and KCI Technologies contributed to the guide. Through this working group, DWR has considered the aspects of planning requirements across our drinking water, wastewater, stormwater, and loan programs for the development of this document.

DWR's goal is to increase consistency across the state for water, wastewater, and stormwater infrastructure planning documents. Nevertheless, we suggest users of this guide check with DWR program staff prior to substituting this AMP model in lieu of (or to fulfill) regulatory or loan program requirements.

Using this Guide and Template

Building an asset management plan is not complicated but it does take time and effort. This guide breaks down the specific tasks needed to address the five core components of an AMP. The companion ***Tennessee Asset Management Templates located Appendix 1*** help users assemble the minimum required data and information to begin building a comprehensive plan. These basic spreadsheet templates were designed for use by utility systems of any size. Users should review the entire guide and make a list of information they have already developed which is needed for the template. The templates include areas to document the inventory of the system's assets, the age and estimated useful lives of existing assets, the condition of the assets, the critical nature of the assets, and a description of the timing and expected cost of the replacement of existing assets. Users should contact TDEC at tdec.arp@tn.gov if they would like to customize the templates.

Where possible, this guide highlights the connection between building a comprehensive AMP and addressing critical needs identified as red flags in the [Tennessee Infrastructure Scorecard \(Scorecard\)](#). Users should use this guide to assist them in addressing Scorecard AMP red flags to meet grant criteria in the [Non-Competitive Grant Manual](#) for Water Infrastructure Investment Plan funds. Where relevant, call out boxes have been added throughout this guide to highlight certain Scorecard requirements.

In addition, this AMP guide also addresses DWR Drinking Water program and SRF program requirements for Asset Management Planning and Fiscal Sustainability Plans. While some program requirements may have slight modifications or go beyond this basic AMP format, the foundation is the same. More detailed plans (e.g., Master Plans, Capacity, Management, Operation, and Maintenance (CMOM) Plans, Infiltration / Inflow Assessments, Leak Detection Studies, etc.) are often required to support investment decisions, critical needs, or in response to significant non-compliance issues. We suggest users of this guide check with DWR program staff prior to substituting this AMP model in lieu of (or to fulfill) regulatory or loan program requirements.



Figure 1 Capital Improvement Plan Scorecard Requirement

Scorecard Overview and Relationship with the AMP

The Tennessee Infrastructure Scorecard (Scorecard) and the utility's asset management plan can help identify deficiencies in the utility's system and prioritize improvements. The Scorecard provides system metrics for easy identification of the critical needs that should be addressed in the short term and document future progress. To be considered satisfactory on the Scorecard, a utility must have an asset management plan that meets the following criteria:

- Digital map of greater than 75% of the system
- Current asset inventory and condition assessment
- Planned operation and maintenance

- Work order system
- Capital improvement plan and budget
- Meter testing and changeout program
- IT infrastructure to support management decision-making

ASSET MANAGEMENT		WATER LOSS	
Asset Mangement Plan	No	Unaccounted Water Loss	17%
GIS Mapping	0-25%	Millions of Gallons/year	420.00
Inventory and Condition Assessment	No	Production Cost/year	\$1,000,000
Planned O&M and Work Order System	No	INFLOW and INFILTRATION	
Meter Testing & Changeouts	Yes	Inflow and Infiltration	60%
Capitall Improvement Plan & Budget	Yes	Millions of Gallons/year	41.00
IT Infrastructure	Yes	Treatment Cost/year	\$1,000,000,000
MODERNIZATION			
Drinking Water Plant >80% Capacity	No	Wastewater Plant >80% Capacity	No
Age of Drinking Water Plant	30-50 years	Age of Wastewater Treatment Plant	10-30 years
Percentage of lines older than 50 years	25-50%	Percentage of lines older than 50 years	25-50%
COMPLIANCE			
Drinking Water Violations	No	Meeting Wastewater Permit Requirements	No
State Mandated Compliance Order (Water)	No	State Mandated Compliance Order (WW)	Yes
Meeting Order Requirements (Water)	NA	Meeting Order Requirements (WW)	No

Figure 2 Example Tennessee Infrastructure Scorecard

Building an Asset Management Plan

The purpose of asset management planning is to provide the utility with information to make good decisions on the repair and maintenance of existing capital assets, the replacement of existing capital assets, and the addition of new capital assets to the utility's infrastructure.

Once a comprehensive AMP is developed, the utility should treat the AMP as a "living" document. The AMP should be updated annually as assets age, new assets are added, maintenance is performed, and the level of desired service mandates the replacement of assets. The original AMP and annual updates to the AMP give a utility's management and governing board important and relevant information on the maintenance and replacement of aging water infrastructure. This information can be used in capital budget planning to ensure that the utility's financial resources are used efficiently and effectively to maintain and improve the utility's infrastructure.

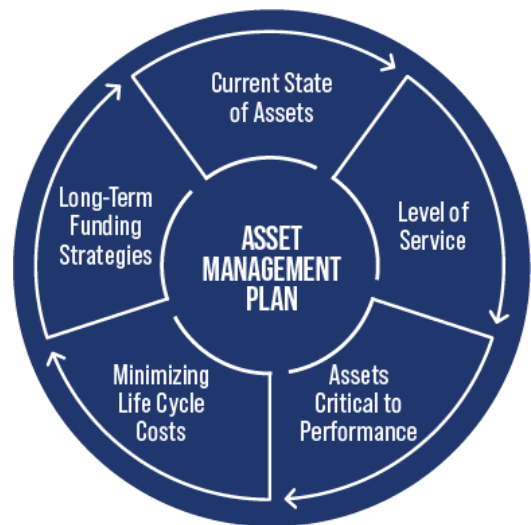


Figure 3 Asset Management Plan

Capital Assets in an AMP

Drinking water, stormwater, and wastewater systems are made up of assets which include above and below ground utility infrastructure. Defining the business processes for planning, acquiring, operating, maintaining, renewing (includes repair, rehabilitate, and replacement), and decommissioning assets connects an AMP to each asset's lifecycle.

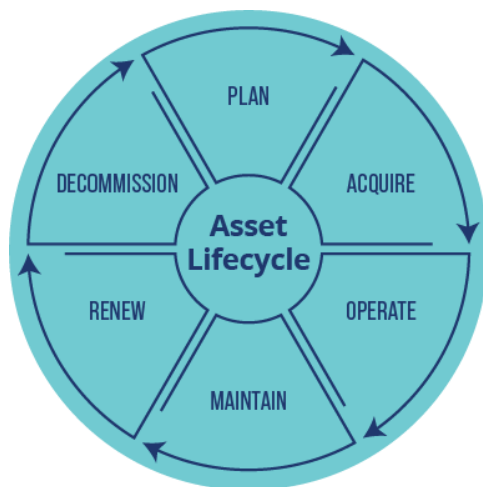


Figure 4 Asset Lifecycle

Water system assets include water treatment plants, pumps, pump stations, storage tanks, mains, valves, meters, and other facilities necessary to operate a water system. Wastewater system assets include treatment plants, pumps, pump stations, gravity mains, force mains, valves, meters, manholes, cleanouts, and other facilities necessary to operate a wastewater system. Stormwater system assets include grey and green infrastructure components like catch basins, junction chambers, stormwater pipes, outfalls, ponds, bioretention cells, permeable parking lots, rain gardens, and other assets necessary to manage, reduce, treat, or recapture stormwater or subsurface drainage water.

To be included in the utility's AMP, an asset should meet at least one of the following criteria:

- Have a cost of \$5,000 or greater. Individual utility systems may have established a different cost threshold for a capital asset which should be used by the utility.

- Have a useful life greater than one (1) year
- Is the lowest level where work orders can be generated
- The asset is critical to the delivery of utility service, employee safety, or regulatory compliance.

While developing the AMP, be mindful of the full asset lifecycle of each individual asset. Costs are accumulated over the life cycle of an asset (lifecycle costs) and each component of the cycle can have significant financial impact and affect whether level of service commitments are met.

The Five Core Asset Management Plan Components

Effective management of these assets can be done through a simple, yet comprehensive five component planning process. Utilities begin by identifying all assets and determining the current state of the assets. Next utilities must establish the level of service they intend to provide and strategies for meeting regulatory requirements. Additional components include assessing asset criticality to understand the most serious needs, minimizing the cost of assets over their life cycle through proper operation and maintenance and optimizing efficiency at the plant as well as in the organization. Finally, utility managers and operators need to develop a long-term funding plan and capital investment strategies. These strategies help ensure the system's longevity in operations at a desired level of service for its customers. Finally, developing and maintaining a comprehensive AMP does not have to be linear. Utilities can integrate asset inventories into routine maintenance schedules, build on the level of provided service over time, or work to minimize costs through organizational restructuring when appropriate for your system. The key is to recognize the need for a comprehensive AMP, make a target goal for completion date, and start at the beginning, one step at a time.

Component 1: Current State of the Assets – Inventory and Condition Assessment

To begin an inventory and condition assessment of the utility's assets, these fundamental questions should be addressed:

- What assets do we own?
- Where are they?
- What is their current condition?

Practitioners need to take inventory of utility assets, listing what is owned, documenting the location of each asset, and detailing the condition of the asset. This data should be gathered in one location and be comprehensive, including new and old assets in the system.



Figure 5 Condition Assessment Scorecard Requirement

Inventory

Addressing the current state of the utility's assets involves making a complete list of all assets in the system and documenting key information about each asset. The utility should name each asset (often by using a unique identification number/text); assign a category for the asset; document key attributes such as size, material, manufacturer, model number, etc.; and describe the asset in as much detail as practicable. The utility should include dates of installation or provide its best date estimate using existing records and information provided by employees. If the utility has an asset identification system or has a serial number for the asset, this information should be included in the inventory as a unique identifier. Established utility mapping systems may serve as an inventory so long as it contains the necessary data outlined in this guide and referenced in the companion templates.

The goal is to create the best inventory possible given the utility's records, personnel, and financial condition. After the completion of the first inventory, the utility should develop an approach to providing better and more complete information when annual updates are made to the AMP.

Utilities that do not have comprehensive records of their capital assets may find deploying field crews to locate assets and document conditions takes considerable effort. However, over time, maintaining the inventory should become routine and managers and operators will find significant benefits having this knowledge in hand. Do not attempt to complete an inventory all at once. Start with existing information on old and new assets. Utilities may choose to build the inventory and condition information over time, collecting data when field crews respond to maintenance issues or routine system checks. As annual updates are done, more comprehensive data can be included.

Digital Map of System

Once the assets owned by the utility have been identified, it is critical to also establish where those assets are located. This involves mapping the assets that are in the field and recording the location in a digital mapping system easily accessible for use by the utility's employees. The digital map can help operators, managers, and governing board members conceptualize the utility as an entire, interconnected system.

There are several methods of developing and refining a digital map over time. To start, a utility may leverage existing digital record drawings and/or as built documents that can be imported into more common mapping file formats, such as Geographic Information System (GIS) software.

Inventory Best Practices

- ▶ Have a minimum asset definition (e.g. a pump would be an asset, but the impeller would not)
- ▶ Collect data over time as crews are in the field in order to minimize cost
- ▶ Track completeness and accuracy of the inventory over time
- ▶ Condition data may be kept separately from the asset
- ▶ Decide which attributes are important to collect before investing in data collection (install date, size, material, etc.)
- ▶ A digital map may serve as the asset inventory

Figure 6 Inventory Best Practices



Figure 7 Digital Map Scorecard Requirement

A utility may digitize paper maps by scanning and tracing, or as a guide to place asset features in their approximate location. Often both digital and paper drawings include attribute information (size, material, etc.) that should be populated into the asset inventory spreadsheet or into the GIS layer. Leveraging existing documentation is the most cost-effective method of developing a digital map.

Once existing information has been fully leveraged, field work can fill in data gaps and provide more accurate data. Field work may include spatial data acquisition; collecting attribute data and taking photos to associate with the assets. Spatial data acquisition can range from “redlining” assets in their approximate location into the digital map, to collected “sub-meter” GPS data, or “survey-grade” data that may be “sub-centimeter.” Utilities can deploy existing staff armed with cell phones to snap photos and pin those images to the asset location. Including a visual picture of asset locations as part of the digital map is useful, especially for buried assets.

There is a wide range of cost between the lowest and the highest accuracy spatial data acquisition approaches. Also, there is a wide range of costs for non-spatial data collection (e.g., sizes, materials, etc.) When planning, it is recommended to calculate “per asset” costs to collect the data. If using internal staff, you may estimate the time to collect data on each asset, or how many assets can be collected in a day, and then use burdened labor rates along with an estimate of how many assets need data collection to improve estimate cost and schedules. It is important to also include the cost of needed equipment (e.g., GPS equipment, tablets/laptops, etc.) in cost estimate planning. Contracting out asset data collection may be more efficient for the utility. Always request several quotes from survey companies if contracting this work out.

There is a wide range of digital mapping products, ranging from free open-source software that work well for small systems, to more costly and powerful enterprise products. Products with broad local government and utility user communities come with a higher price. Free and lower cost products may be less feature rich and less widely used in the water, wastewater, and stormwater utility market. Regardless of the system, data ownership and security policies and procedures should be established. Utilities should consult with their peers and are encouraged to share industry best practices when sourcing mapping

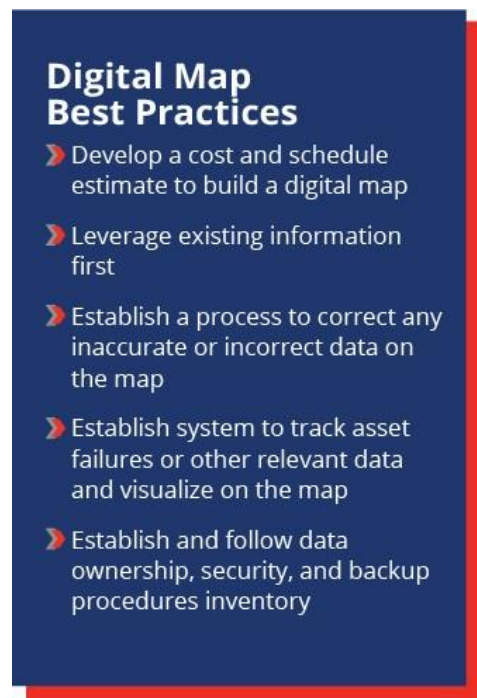


Figure 8 Digital Map Best Practices

software. Examples of a few digital mapping software products include Diamond Maps and QGIS, or ESRI and MapInfo for higher end, feature rich software systems. There are many alternative products that are equivalent to the software mentioned above. It is recommended that utilities research software options to select the product that will suit the systems needs best.

Asset Condition

The physical condition of each asset should be assessed and documented. This process includes the anticipated useful life of service of the asset and when the asset was installed or purchased. The remaining useful life is assessed by assigning a percentage to the estimated total useful life of the asset (e.g., if an asset's anticipated useful life is 80 years, and has 75% of its remaining useful life remaining, it is estimated to have 60 years remaining of useful life). An individual asset may or may not function as needed over its anticipated useful life. If the functionality of an asset has been reviewed, and it is in worse condition than anticipated, the remaining useful life may need to be reduced, or if the condition is better than anticipated, the useful life may be extended.

Condition Assessment Best Practices

- Condition assessment should be based on:
 - Physical condition
 - Estimated remaining useful life
 - Failure history
- Some assets (such as collection system gravity mains) have internal inspection techniques (CCTV)
- Some assets (such as water distribution mains) do not have internal inspection techniques and often use break/failure history as an analog of condition

If repairs or maintenance of an asset has extended its useful life, then the length of any such extension should be recorded. When performing a condition assessment, the date of the review and condition information should be documented.

An evaluation of the remaining useful life of each asset will assist the utility in deciding to continue to maintain or repair an asset, and when to replace it. Routine maintenance to extend the life of an asset may be more cost effective than replacing an asset. Typically, spending more on routine maintenance means spending less on replacement. Routine maintenance may be prioritized for critical assets rather than expending funds on those that are less critical.

Information on the remaining useful life of each asset, as well as routine maintenance and repairs will help determine an assets likelihood for failure.

Figure 9 Condition Assessment Best Practices

The templates in this guide walk a user through the inventory and condition assessment process. Drop-down categories for asset types, asset rankings, asset history, and risk of failure formulas are provided for each asset entry. This allows the utility to create a comprehensive inventory and condition assessment as detailed or as simple as the user decides. Information which can be used to make these assessments include:

- the date of installation of the asset (from the inventory section above)
- estimate of total useful life (i.e. when first installed)

- recent inspection records
- the history of failures, repairs and maintenance to the asset
- the opinions of utility personnel who work on the asset
- the assessment of engineers or other professionals on large or costly assets when economically feasible.

Component 2: Level of Service

Clearly defining the required level of service is critical to successful utility operations. All Asset Management Plan components contribute to improving the utility's level of service through better decision-making.

The utility's needed level of service is a measure of how well an asset, an infrastructure system, or an organizational function is meeting its intended purpose. Levels of service may be tied to physical performance of asset(s), customer expectations, or be defined via regulatory requirements.

A utility's primary focus for level of service should be its customers. Customers expect clean, safe drinking water from their taps and sufficient quantity to meet their needs. They expect a similar level of service when they flush their toilet. When a water related issue arises, and the service breaks down, they expect quick repair response times from their water provider.

At an asset specific level, a common level of service relates to its capacity. For example, a sewer pipeline may be designed to convey a certain peak flow while keeping the flow within a certain portion of the pipe (commonly measured as depth of flow (d) divided by the diameter of the pipe (D), or d/D). If the peak flows are less than the design d/D, the pipe is exceeding its level of service expectation. If the peak flows are more than the design d/D (e.g., surcharging into the manhole), it is not meeting its level of service expectation.

At an infrastructure system level, common levels of service relate to regulatory compliance. The water distribution system assets, collectively, must meet water quality standards. Many assets and organizational functions that manage, operate, and maintain those assets must work together to meet these requirements.

At a minimum, regulatory requirements under water, wastewater, and stormwater permits must be met. If the level of service is not met, the utility risks regulatory enforcement action.

Level of Service Best Practices

- Analyze current and future customer demand
- Understand actual capacity for assets, and compare with current flows
- Understand current and future regulatory requirements
- Determine if capacity, reliability, and regulatory requirements are being met by current system assets
- Establish response time goals for service requests

Figure 10 Level of Service Best Practices

Regardless of the type of level of service, it is important for utilities to define the expected level of service at the asset, system, and customer levels. Then measure the actual levels of service being provided and compare those to the expectations. This is key in prioritizing system investments.

The Tennessee Infrastructure Scorecard provides minimum service level targets that utilities should strive to achieve. Examples include:

- Comply with all safe drinking water standards and/or wastewater discharge permit limits
- Achieve a satisfactory score on an annual compliance audit, or drinking water sanitary survey
- Respond to respond to customer complaints within X-hours

Understanding both the condition and capacity of assets helps a utility understand whether those assets are meeting their expected level of service. An asset may not perform at the appropriate level of service as it degrades over its useful life. In addition, the required level of service may have changed with time, due to increases in customer demand or more stringent regulatory requirements. The more critical the asset the more important it is that the asset meets (or exceeds) its expected level of service.

Component 3: Critical Assets

Not all assets are equally important for meeting the utility's level of service goals and maintaining regulatory compliance. Some assets are extremely critical to operations and others are not. The criticality of assets should be considered when determining the level of investment of utility personnel and financial resources.

The template provides a table for utilities to rank the criticality of each asset based on its likelihood of failure score and various criteria relating to consequence of failure. The consequence of failure criteria include:

- Redundancy
- Population served affected by failure
- Regulatory impact of failure
- Public health or environmental concern of failure



Critical Assets Best Practices

- ▶ List assets according to how critical they are to system operations
- ▶ Conduct failure analysis (e.g. root cause analysis, failure mode analysis)
- ▶ Determine the probability and consequences of failure
- ▶ Be proactive in reducing failure risk of critical assets - consider monitoring, preventative maintenance, redundant equipment, spare parts, etc.

Figure 11 Critical Assets Best Practices

The asset criticality score is determined by multiplying the risk of failure score times the aggregate of the consequence of failure scores. The criticality score is then used to rank the criticality of all assets included in the table.

Component 4: Minimizing Life Cycle Costs – Capital Improvement Plan

After developing an inventory, determining current condition and capacity, and criticality of its assets, the utility needs to prioritize the repair, rehabilitation, and replacement of its capital assets. In some cases, optimizing operation and maintenance efforts can extend the useful life of assets and defer capital investments. Minimizing life cycle costs often involves a balance between operations and maintenance to preserve assets that meet their level of service requirements and capital investment in cases where existing assets simply cannot meet the level of service required.

Alternative strategies for operations and maintenance may involve adjusting the organizational structure, prioritization of staff based on asset criticality, or adopting new techniques for more effective condition assessment and level of service monitoring. Examples may include establishing a dedicated maintenance division, updating standard operating procedures, or upgrading information technology infrastructure and software (e.g., maintenance management or work order system, field/mobile applications, etc.).

Understanding which assets to replace, and how to fund each project, will determine the long-term capital improvement strategy of a utility. The excel workbook template assists the utility in prioritizing the replacement of assets by the completion of the following information on each asset:

- The estimated replacement cost
- The expected replacement date
- The asset's condition (from the Asset Condition section above)
- The asset's criticality (from the Critical Assets section above)

If the utility takes the time to fill out the template correctly, the tool will generate a prioritized list of critical assets in need of replacement. Utility management and operators should use the list as a tool to show decision makers the importance of capital projects. The template will give elected or appointed officials a vision for the future needs of the utility past the current fiscal year. Current and future needs, in conjunction with the critical asset list, are the basis for a capital improvement plan.

Once a utility establishes a prioritized list of critical assets in need of replacement, a capital improvement plan should be developed. The capital improvement plan should specify project priorities and the anticipated funding source for each one. The projects should be listed by the

Minimize Life Cycle Cost Best Practices

- Explore alternative strategies for managing O&M, personnel, and capital resources
- Determine repair, rehabilitation, and replacement costs for critical assets
- Determine how long useful life can be extended with alternatives

Figure 12 Life Cycle Cost Best Practices

year in which they are planned. At a minimum, the capital improvement plan (CIP) should include the following information:

- Description of the project
- Establish the need for and benefits of the project, including reductions in energy costs, sewer overflows, or water loss where applicable
- Estimate of project cost
- Estimate of impacts on operations and maintenance
- Funding source(s)

Component 5: Long-Term Funding Plan – Rate Evaluation

Long-Term Funding Plan Best Practices

- Determine if enough funding is available to maintain system assets to meet the required level of service
- Determine if the rate structure is sustainable for the system's long-term needs
- Revise the rate structure
- Fund a dedicated reserve from current revenues (e.g. creating an asset annuity)
- Finance asset repair, rehabilitation, and replacement through borrowing or other financial assistance
- Consider policies that recognize inflation in major cost categories (labor, supplies, energy)

Figure 13 Long-Term Funding Best Practices

Long-term funding is critical to meeting future operating and capital improvement needs. Asset management provides the basis for reasonable rate setting and long-term fiscal sustainability. A utility should review and evaluate its rates annually as part of its budgeting process for each fiscal year. At a minimum, rates must produce sufficient revenues to cover the utility's annual operating expenses, including depreciation, and its annual debt costs. If the utility has outstanding debt, rates must be sufficient to produce enough revenues to meet the utility's debt service coverage ratio. If the utility seeks to finance any capital improvements through its monthly rate structure, the rates must be sufficient to produce the cash needed to finance such rate-funded capital improvements.

Water and wastewater utilities owned and operated by local governments (including utility districts and utility authorities) are legally required to set rates to cover their operating expenses, debt costs, depreciation, and reasonable reserves. Utilities may want to consider hiring an independent consultant to perform rate studies to ensure its rates meet all statutory and regulatory requirements. Some counties and municipalities have established a fee and/or stormwater utility to fund and respond to stormwater system needs.

A utility should consider the following when evaluating its rates annually:

- Amount of fixed operating costs
- Amount of variable operating costs
- Inflation
- Anticipated changes in employee staffing levels
- New depreciation from major infrastructure placed in service
- New debt costs for the next fiscal year

- Anticipated customer growth
- New operating expenses caused by regulatory compliance
- Other known and anticipate changes

When a utility has established customer classes with different rate structures, the utility must ensure these rate classes are just and reasonable. Using an outside rate consultant is recommended when the utility seeks to establish different rate structures for customer classes or to verify that existing rates are covering the costs of each customer class. A rate consultant will perform a cost of service study to support the rates for each customer class.

Rate evaluation for each customer class is a straightforward process. Typically, costs are broken down into two categories, fixed and variable. Variable costs change based on the amount of water produced or wastewater treated. These costs include energy, chemicals, and wages of employees working in the treatment plant, among others. Fixed costs do not change no matter the amount of water produced, or wastewater treated. Fixed costs include wages of customer service employees, debt payments, insurance, lease payments, and professional fees.

Other Considerations: Scorecard Summaries & Fiscal Sustainability Plans

TDEC has adopted Asset Management Plan requirements that address other regulatory and state-wide priorities. This section highlights requirements of a Fiscal Sustainability Plan that is required by the State Revolving Fund for Clean Water treatment works loan projects. It also includes additional Scorecard requirements for IT Infrastructure, Work Order Management, and Meter Testing and Changeouts.

Fiscal Sustainability Plan Requirements

To meet the minimum requirements for a Fiscal Sustainability Plan as required by the State Revolving Fund program, the AMP should also include the following elements:

- Organizational structure
- Plan of operation
- Operation and maintenance manual
- Water and energy conservation efforts

Excerpts from SRF's Fiscal Sustainability Plan Guidelines are included in Appendix 4 for reference.

Organizational Structure

Employees are the utility's biggest asset. When evaluating asset needs, utilities should determine the optimal organizational structure for the utility. A strong organizational structure fosters employee communications and expectations and reduces internal staff conflicts and staff

turnover. The organizational structure should lay out a clear chain of command for the management of employees and the management of the infrastructure.

Utilities should consider the following when creating an organizational structure (or chart):

- Job descriptions that include primary roles and responsibilities
- Number of staff/direct reports
- License requirements
- Minimum requirements for each position

Additional staffing recommendations:

- Salary surveys
- Staffing plan
- Workforce development and training needs
- Administrative support

Plan of Operation

A plan of operation is important for any utility system. This plan may also be known as standard operating procedures. The utility should have a plan detailed enough that any qualified individual can operate the system with appropriate training. This will also preserve institutional knowledge when employees retire or find other employment.

Staffing and training procedures are an important element in the Plan of Operation. These procedures assure supervisory, operations, maintenance, laboratory support, and administration personnel are hired and trained in a timely manner. A staffing plan and organizational structure can be independent of the Plan of Operations, as described in the previous section, or as part of the Plan describe here.

The establishment of an adequate laboratory, data recording, and reporting system should be developed for reporting or process control requirements. Any special training needs related to a laboratory control program should also be included. After a significant upgrade or construction of new facilities, utilities should consider plant start-up costs and procedures. These start-up procedures will assist in optimizing operations and set the proper framework for long-term, trouble-free, efficient plant operation under all operating conditions. The Plan of Operation should also identify any necessary actions such as dry and wet testing of equipment, instrument calibration, and a review of process control procedures during the start-up period.

Safety procedures and expectations need to be detailed in the Plan of Operations. All drinking water and wastewater treatment facilities employees must adhere to all Federal, State and local safety requirements. Effective training for employees on safety protocols, as well as the development of a safety program should be part of the Plan of Operations. Training updates should be conducted when major updates to a facility have occurred. All hazardous conditions should be appraised and appropriately considered in the safety and health plan. The training program should be responsive to identified needs and guidance.

Additional considerations:

- Having comprehensive rules and regulations governing water and wastewater services to customers and keeping such rules and regulations up to date
- Developing a robust safety and technical training program for employees to safely and effectively operate and maintain utility assets and meet level of service expectations
- Developing procedures to comply with the regulatory requirements of state agencies such as the Comptroller's Office and the Tennessee Public Utilities Commission (TPUC) when applicable
- Establishing and maintaining internal controls as recommended by the Comptroller's office
- Ensuring billing and accounting programs are adequate for the collection of utility revenues, financial reporting, and the assessment of capital assets
- Establishing a system for securing and maintaining capital improvement construction records and as-built utility infrastructure
- Identifying and implementing recordkeeping and record retention procedures

Operations and Maintenance Manual

The utility should have an operations and maintenance manual (O&M manual) which describes standard operation procedures and preventive maintenance schedules or plans, for the utility's water, wastewater, or stormwater system. Utilities may have chapters for each facet of the operation of the utility's system including the utility's water or wastewater treatment plant, water distribution system, wastewater collection system, water meters, pump stations, water tanks, and laboratory. The O & M manual should also include emergency preparedness plans. Appropriate preparedness plans detail specific emergency response guidance to minimize the possibility of plant failures under all emergency conditions which may occur. Utilities should also highlight a training regime to ensure all staff are knowledgeable on how to respond in an emergency scenario.

Part of a robust O & M manual will include information on proper maintenance management. A maintenance management system considers the need for training to operate the system and/or to deal with complex equipment maintenance problems.

Additional considerations:

- Develop forms to properly document compliance with the utility operating procedures and maintenance schedules
- Have a scalable work order system to support the size of the utility
- Ensure that operating procedures are designed to comply with TDEC rules and regulations governing water and wastewater systems
- Supply lists for chemicals used in the treatment, process or process control, and laboratory supplies
- The provision of necessary maintenance tools and spare parts

- Include training required to properly perform the operating procedures and record keeping
- Include appropriate inspection procedures for management and supervisory employees to achieve compliance with the O&M manual
- Include a safety manual for all facets of the utility’s system

Water and Energy Conservation Measures

Utilities should identify water and energy conservation measures as part of a comprehensive asset management strategy. These measures should be reviewed and updated as necessary annually. Moreover, a utility must certify that it has evaluated water and energy conservation project opportunities as part of an SRF loan application.

Systems should consider the following when reviewing water and energy efficiency projects:

- Examining future costs and future cost savings. Not all programs labeled as energy efficient will make sense from a cost standpoint. If the cost of a program which conserves energy exceeds the eventual cost savings, then the utility must consider the willingness of its customers to pay higher rates to obtain energy savings.
- Using renewable energy sources such as solar panels or wind turbines. Renewable energy sources may be used to power a water or wastewater plant or a pump station. Small solar panels may be used to power zone meters and its telemetry systems. Natural gas may be considered as an alternative energy source.
- Retrofitting or replacing high energy use components of a system immediately or waiting until additional upgrades are needed. If a blower motor in a wastewater plant still has 10 years of useful life, replacement to save a few dollars on an electric bill may not make sense.
- Reviewing water-loss audits and determining whether water conservation measures make financial sense. The cost to install zone meters and appropriate software to pinpoint what areas of a system have the most water loss may be the most economical first step to address water loss.
- Considering water reuse or reclamation projects which use treated wastewater for irrigation or other permitted uses. Water reuse can be viewed as recycling water. A utility may consider using non-potable water for cleaning vehicles and flushing toilets.

Additional Scorecard Requirements

The remainder of this section provides guidance on the following elements that must be addressed as requirements in the Scorecard, but not been specifically covered previously:

- Meter Testing and Changeout Program



Figure 14 Additional Scorecard Requirements

- IT Infrastructure
- Work Order System

Meter Testing and Changeout Program

Meters are the cash registers for a utility. Large commercial meters of 6 inches and above should be tested annually. Smaller meters may be tested less frequently. Utilities should establish testing zones and pick an appropriate number of residential meters and small commercial meters to test annually. For example, if a testing zone has 200 residential meters, the utility may choose to test 10% of those residential meters, 20 meters, annually.

Additional considerations:

- The age of the utility's meters
- The length of warranty for each type of meter
- Cost effectiveness of testing meters in-house or outsourcing meter testing

IT Infrastructure

IT Infrastructure is a critical tool in locating, inventorying, and making decisions on maintaining/repairing/replacing capital assets. IT Infrastructure may be “purchased” in a variety of ways (ownership, leases, service contracts, licenses, etc.) and may be implemented “on-premise” or in the “cloud.” IT infrastructure includes the following components:

- Computers and devices such as tablets or mobile phones (w/updated software)
- Software including Geographic Information System (GIS), work order management, etc.
- Secure network and data storage
- Internet Connectivity in the office and field
- Appropriate high-speed internet for facilities E-Reporting to TDEC

IT Infrastructure can save a utility both fiscally and in human capital by managing assets in a proactive rather than reactive way and increasing efficiency. Being proactive allows for better time management of employees. Using technology to help identify and prioritize the replacement and maintenance of the utility's assets frees up employees to perform other duties.

Work Order System

A valuable tool for maintaining records of failures, preventive maintenance, inspections, and repair work performed on utility assets is commonly called a work order system. Work order systems can be included in the utility's billing and accounting software program or can also be standalone software solutions or programs. A work order system - computerized or otherwise - can be a valuable tool for a water, wastewater, or stormwater utility. An example work order and standard operating procedure are provided in Appendix 3. Small utilities may find it difficult to manage a computerized system or may not see a sufficient benefit due to the cost or its limited number of employees. For all others, a computerized work order system may be highly beneficial in scheduling work, tracking costs, ensuring maintenance is performed on schedule, and

determining what parts were used during the repairs. They can also help identify assets that need to be replaced due to the cost of repair exceeding an asset's value.

Asset Management References

- [Water and Wastewater Utility Evaluation Guidance Document: Asset Inventory & Assessment, Capital Cost, and Operating Cost Analyses](#); NCDEQ, February 2022.
This reference is relatively current and has very good tables and appendices, including photographs of typical utility assets with the authors' condition ratings.
- [Reference Guide for Asset Management Tools](#); USEPA, May 2014.
This reference provides asset management plan components and implementation tools for small and medium sized drinking water and wastewater systems.
- [Leading Business Practices in Asset Management](#); AWWA, May 2017.
This reference includes case studies in best practices from 13 utilities ranging from 10,000 to 1,000,000 customers.

Appendix 1: Example Asset Management Spreadsheet Templates

- [Drinking Water Inventory Workbook-Version 1.1](#)
 - If you own or operate a drinking water system, please use this workbook.
- [Drinking Water Inventory Workbook Example-Version 1.1](#)
 - Illustrative example of a drinking water system inventory.
- [Wastewater Inventory Workbook-Version 1.1](#)
 - If you own or operate a wastewater system, please use this workbook.
- [Wastewater Inventory Workbook Example-Version 1.1](#)
 - Illustrative example of a wastewater system inventory.
- [Stormwater Inventory Workbook-Version 1.1](#)
 - If you own or operate a stormwater system, please use this work.
- [Stormwater Inventory Workbook Example-Version 1.1](#)
 - Illustrative example of a stormwater system inventory.

Please note that these workbooks were updated to Version 1.1 as of May 16, 2023. If you used the Version 1 template and need assistance converting to the new versions, reach out to TDEC.ARP@tn.gov for support.

Appendix 2: Example Description of Asset Classes and Criticality

<i>Water Systems</i>		
Asset Class	Description	Criticality
Transmission Mains	Larger pipes that move large quantities of water from source to distribution mains	High
Distribution Mains	Distributes water to the system	High - Medium
Services	Conveys water from the main to a building or fire protection system	Low - Medium
Valves	Control flow in the distribution system. Categorized as critical, in-line, and specialty (blow off, ARV, PRV)	Varies
Fire Hydrants	Connection structure used for extracting water	High
Meters	Measure the volume of water passing through a pipe or to a customer	Low for small meters and Medium for large meters
Storage Tanks	Holds water for system	High
Pumps	Moves water from one location to another	High
Water Treatment Plants	Removes or reduces unwanted chemicals or microorganisms from water system	High

<i>Stormwater Systems</i>		
Asset Class	Description	Criticality
Conveyance	Transport stormwater from location to location	High
Catch Basins (Inlets)	Device that intakes water into stormwater drainage system	Medium
Stormwater Outfalls	Discharges stormwater into drainage system	High - Medium
Ponds	Collects and stores stormwater runoff	Low - Medium
Channel	Open conveyance that transports water from location to location	Medium - Low
Stormwater management features, e.g., rain gardens, bioretention cells, permeable parking lots	Used to manage, reduce, treat, or recapture stormwater and subsurface drainage	High - Low

Wastewater Systems

Asset Class	Description	Criticality
Pump Stations	Lifts wastewater in the system	High
Force Mains	Conveys wastewater in the system using pressure	High - Medium
Gravity Mains	Conveys wastewater in the system using gravity	High - Medium
Services	Connection between mains and building	Low - Medium
Manholes	Used to access conveyance	Varies
Meters	Measure the flow rate of water passing through a pipe or outlet	Low for small meters and Medium for large meters
Pumps	Transfers sewage solids and liquids from one place to another	High
Wastewater Treatment Plants	Facility used to treat wastewater in order to remove pollutants	High

Appendix 3: Example Work Order Form and Standard Operating Procedure

(Insert Name of Utility) WORK ORDER #

Requested by

NAME:		DATE:	
EMAIL:		PHONE:	

Completed by

NAME:		DATE:	
EMAIL:		PHONE:	

ASSET ID:		ASSET CATEGORY:	
ADDRESS:			
GIS LOCATION:	LONGITUDE:		LATITUDE:

STEP 1: DESCRIBE NEEDED WORK	STEP 2: DESCRIBE WORK PERFORMED	STEP 3: DESCRIBE ASSET CONDITION

RESPONSIBLE PERSONNEL FOR REPAIRS:		CONFIRMATION OF COMPLETE WORK:	
DATE COMPLETED:		DATE COMPLETED:	
COMPLETED BY:		REVIEWED BY:	

Personnel Signature:

Reviewer Signature:

Utility Work Order Standard Operating Procedure

Introduction

A work order system is an important aspect to a utilities ability to properly operate and maintenance equipment. Work orders also provide valuable data that ties into a utilities Asset Management Plan (AMP). Utilities should ensure that work orders are delegated to appropriate personnel who are familiar with the inventory and O&M information to keep all utility assets in appropriate working order. This SOP is designed to guide system personnel in assigning and completing work orders in an efficient manner.

Requested By

The Requested By boxes are intended to provide data as to who is requesting the work be done on the asset. Typically, this will be Utility Supervisor or administrative support personnel. The name, date of request, email, and phone number provide important data to the individual reviewing the work order later in the process and gives the assigned personnel points of contact during the project's progress.

Completed By

The Completed By section is intended to be filled out by the personnel responsible for completing the required task. This section is where the bulk of information will be managed. It is, therefore, important for the personnel completing this information to be aware of asset details for work to be completed in an efficient manner and to tie into the utilities AMP. The individual responsible for completing the work order should fill out the Name, Date of Request, Email, and Phone number for proper communication with the requestee.

Additionally, the responsible individual will also add important data about the asset. The **Asset I.D.** will be the official name and/or number assigned to the asset that links to the utilities AMP. The **Asset Category** will be an indicator of the area of the utility that applies to the specific asset (i.e., Water Plant, Wastewater Plant). The category will also link directly to the utilities AMP. **GIS Location (with a minimum of 5 decimal places)** will provide the utility the precise location that the asset being maintenance is located. Longitude and Latitude should be provided and can be linked from the utilities mapping system. A description box has been provided to detail the exact work done to the asset. Responsible personnel can provide valuable data such as parts used to complete the task (linked back to Inventory), current condition of the asset, and likelihood of asset failure. These components can assist the personnel responsible for the utilities AMP to keep the assets updated for future considerations.

Signatory Lines

Upon completion of the work assigned, the Requestee and the Responsible Party should provide confirmation that work was completed, date work was completed, reviewing personnel name, and signatures to assist future utility personnel in tracking the assets O&M and condition.

Appendix 4: State Revolving Fund - Fiscal Sustainability Plan (FSP) Guidance

For loans approved after October 1, 2014, loan recipients shall develop and implement a fiscal sustainability plan for treatment works proposed for repair, replacement, or expansion.

Exemptions:

- Projects not classified as treatment works
- New treatment works (Does not include physically replacing i.e. demolition and replacement or adding capacity of an existing system)
- Upgrades that do not involve repair, replacement, or expansion (i.e. adding advance treatment)

The following are **minimum** requirements for FSPs:

- An inventory of the critical assets that are part of the treatment works,
- An evaluation of the condition and performance of the critical assets,
- Implementation of water and energy conservation efforts,
- A plan for maintaining, repairing, and replacing the treatment works,
- A plan for funding operation and maintenance activities

Resources for Asset Management Planning

- [EPA's Asset Management Best Practices Guide](#) (2008)
- [EPA's Handbook for Small Public Water Systems STEP Guide Series](#) (2003)
- [EPA's Check Up Program for Small Systems \(CUPSS\)](#), Free asset management software for small wastewater and drinking water systems
- [Cityworks](#) – An ESRI based, public asset management software for water infrastructure
- [Plan-It](#) - Capital Improvement Plan Software
- [PubWorks](#) – Software for Public Works
- [Cartegraph](#) - Public Works and Utilities Software

Energy Use Assessments

- [EPA's Energy Use Assessment Tool](#)
- [New York State Energy Research and Development Agency \(NYSERDA\) Energy Benchmarking Tool](#)
- [The Office of Energy Efficiency and Renewable Energy Facilities Self-Audit Checklists](#)

Water Efficiency Tools

- [EPA's WaterSense Program](#)
- [EPA's Water Conservation Plan Guidelines](#)
- [AWWA Water Audit Software](#)
- [AWE Water Conservation Tracking Tool](#)

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Asset Management Plan Certification Form

Inclusive of Fiscal Sustainability Plan Certification

Utility Name		
Street Address		P. O. Box Number
City	State	Zip Code

Asset management plans (AMP) are a critical component to effectively managing a water infrastructure system. Technical, managerial, and financial capacity is necessary for a water system to continuously provide safe, reliable drinking water and wastewater services. Systems that have a robust AMP demonstrate improved technical, managerial, and financial capability to operate and maintain the system.

The AMP shall include at a minimum the following. Personnel will check the appropriate box as it applies:

Organizational Structure	
Plan of Operation (Drinking Water and/or Wastewater Facilities)	
Operation and Maintenance Manual (Drinking Water and/or Wastewater Facilities)	
Digital Map of System	
Asset Inventory and Condition Assessment	
Capital Improvement Plan	
Water and Energy Conservation Efforts	
Rate Evaluation	

I hereby certify that I am an authorized representative for [UTILITY NAME] and pursuant to the ARP Non-Competitive Grant Contract [APPLICATION ID] the [UTILITY NAME] has developed and is implementing an AMP (inclusive of the requirements of an FSP) that meets the requirements established by the State of Tennessee. Upon the request of the State of Tennessee, the Participant agrees to make the AMP (which includes the FSP requirements) available for inspection and/or review.

Signature of Authorized Representative	Date
Printed Name	Phone Number / Email Address



Asset Management Plan Grant

State Water Infrastructure Grant Program

Tennessee Department of Environment & Conservation | August 2023



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Grant Overview

Background

Asset management plans (AMP) are a critical component of effectively managing water, wastewater, and stormwater infrastructure. The Environmental Protection Agency defines AMPs as the practice of managing infrastructure capital assets to minimize the total cost of owning and operating them, while delivering the service level customers need. This management framework has been widely adopted by the water sector to pursue and achieve sustainable infrastructure. Although utility owners and operators build AMPs specific to their system, the foundation of this process is the same. Without a proper AMP, utilities can struggle to maintain compliance with state and federal regulations, secure adequate funding for capital improvements, and address customer needs. A proper AMP strongly supports a utility's technical, managerial, and financial (TMF) capacity, establishes a prioritized list of asset replacement needs, and enables a system to provide safe, reliable drinking water, wastewater, or stormwater services. Well-developed plans for asset management can improve service, reliability, and regulatory compliance; reduce risk and unexpected costs; and enhance communication with customers and stakeholders. These plans also help budget for ongoing maintenance while planning for asset renewal, growth, and capacity expansion in a strategic manner.

AMP Goals and Priorities

In 2022, the Division of Water Resources convened a group of public and private partners for the development of and [AMP guide](#). State Water Infrastructure Grants, State Revolving Fund, Drinking Water program, and Engineering Services programs in DWR, along with the Tennessee Association of Utility Districts (TAUD) and KCI Technologies contributed to the guide. Through this working group, DWR has considered the aspects of planning needs across our drinking water, wastewater, stormwater systems, regulatory expectations, and requirements for our grants and loan programs in the development of this document. DWR's goal is to increase consistency across the state for water, wastewater, and stormwater infrastructure planning documents.

This grant opportunity is being offered by DWR's funding assistance programs. The State Revolving Fund (SRF) and the State Water Infrastructure Grants (SWIG) program have shared resources to establish a pool of funds to provide to water systems to complete AMPs.

The goals of this funding is to provide assistance to entities that are working to meet the basic AMP components and designed to meet minimum criteria for [Water Infrastructure Investment Plan \(WIIP\)](#) American Rescue Plan (ARP) grants and AMP requirements for SRF loans.

Entities eligible to apply for these competitive grants must meet technical and administrative requirements and demonstrate a match commitment before a grant can be awarded. Applications will be scored to determine suitability for funding. TDEC will award grants until the designated funding is exhausted.

Eligibility

Grant Applicants

Eligible grant applicants include cities, counties, utility district and water authorities that own or operate a public water system. Grant applicants are responsible for grant oversight and monitoring of activities. Grant applicants are also responsible for submitting progress updates as requested by SWIG and managing the grant contract scopes of services. For additional information about oversight, monitoring, and progress update submittal, see the Funding Conditions section of this grant manual.

Eligible Projects

Grant applicants can apply for AMP planning grants to develop, update, or expand an asset management plan and create a capital improvement plan that focuses on funding the repair or replacement of a utilities most critical needs. The plan must adhere to DWR's asset management plan guide's minimum requirements. Grant applications can be submitted for drinking water programs (DW) or wastewater (WW) and/or stormwater (SW) Municipal Separate Storm Sewer System (MS4) programs. Applicants can combine wastewater and stormwater requests into one grant. However, drinking water requests may not be combined with any other system and must be submitted as a separate grant. Projects may be completed by existing utility staff or completed using third parties. Grantees that contract for services must follow proper procurement procedures in compliance with federal guidance. Additional details concerning procurement requirements are in the Funding Conditions section of this document.

Components of an Asset Management Plan

All asset management plans must be centered on five core components: asset inventory and condition assessment, level of service, critical assets, minimizing lifecycle costs with capital improvement plans, and long term funding plans. Utilities begin by identifying all assets and determining the current state of the assets. Next utilities must establish the level of service they intend to provide and strategies for meeting regulatory requirements. Additional components include assessing asset criticality to understand the most serious needs, minimizing the cost of assets over their life cycle through proper operation and maintenance and optimizing efficiency at the plant as well as in the organization. Finally, utility managers and operators need to develop a long-term funding plan and capital investment strategies. These strategies help ensure the

system's longevity in operations at a desired level of service for its customers. Finally, developing and maintaining a comprehensive AMP does not have to be linear. Utilities can integrate asset inventories into routine maintenance schedules, build on the level of provided service over time, or work to minimize costs through organizational restructuring when appropriate for your system. The key is to recognize the need for a comprehensive AMP, make a target goal for completion date, and start at the beginning, one step at a time.

Methods to obtain asset information can be done a variety of ways. Activities that expand the applicant's asset information (meet the five core components), and ability to organize information for management purposes are eligible. This includes the creation of an inventory and condition assessment of each component that qualifies as an asset, purchasing software and training, field verification of historic information, expanding current inventories, generating reports and establishing a digital map for the entire system. Additionally, applicants can refer to the [Drinking Water State Revolving Fund](#) and [Clean Water State Revolving Fund eligibility guides](#) for further discussion on eligible activities.

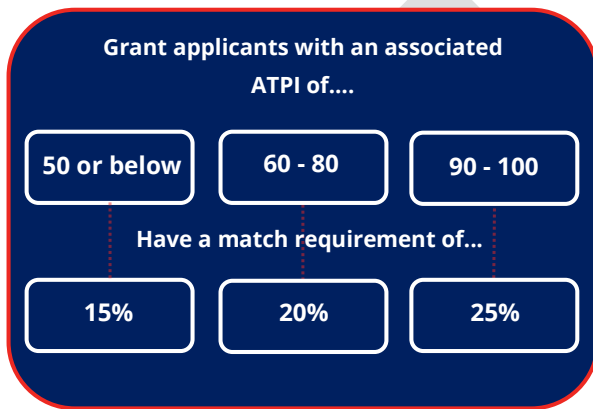
When developing or updating an AMP, entities are required to meet the minimum framework elements of [DWR's AMP guide](#). This AMP guide outlines basic asset management plan components of an AMP program. This guide includes companion [Tennessee Asset Management templates](#) in Microsoft Excel workbooks. These are design to help users assemble the minimum required data and information to begin building a comprehensive AMP. These workbooks will assist entities in identifying the criticality and potential improved needs of their drinking water, wastewater, and/or stormwater assets.

Funding and Match Requirements

SWG anticipates awarding up to twenty AMP grants in SFY 2024. Grant award maximums are \$250,000 per applicant. When developing and submitting proposals, grant applicants must consider proposal budget maximums and match requirements. A proposal's total project budget is the sum of the grant award and match. Match will be applied to each reimbursement request up to the total project budget.

Match is required for all AMP grants. Match ranging from 15%-25% of the total project cost are expected from each awardee. Match amounts are based on the [2022 Ability To Pay Index \(ATPI\)](#), for the project area served (city or county scale).

Cash, forced labor and in-kind services, to offset expenditures are eligible to meet match requirements. Cash may consist of financial assistance grants and loans, cash reserves, revenue bonds, and public-private partnerships or sponsors. In-kind contributions mean the value of non-cash contributions that may consist of goods or services, benefit a federally assisted project, and are contributed by a third-party without charge. These may consist of project owner labor, equipment services, or material contributions. SWIG will consider the use of in-kind match contributions provided that supporting documentation, like an individual accountability report, are submitted with the grant application. During the reimbursement process, further documentation will need to be provided indicating the in-kind's value to the project and tracked through the duration of the contract term.



Application Review, Deadlines and Timelines

Proposal Priority Ranking

All grant applications will be ranked based on application completeness and how well the applicant has addressed the ranking components. Grant applicants will not be able to revise or add to applications following submission. Proposals will be reviewed and ranked based on the merits of the application as submitted. Incomplete applications may not be eligible for funding.

SWIG will assemble a lead panel of three (3) subject matter experts to review, rank, and recommend proposals for funding. Proposals will be reviewed and ranked relative to other proposals submitted following close of the application period. Proposals will not be ranked as they are received.

Applications will be ranked according points scored through the use of a rubric system. Within each row (section) of the scoring rubric, a proposal will receive a score ranging from 0 to the maximum available points, using whole numbers. Proposals with the highest total points at the

end of scoring will be considered for funding. Each proposal will be evaluated using the following scoring rubric:

Section	Criteria	Maximum Available Points
COMMUNITY/SYSTEM CONSIDERATIONS		60
C1	Financial capacity of the applicant: <ul style="list-style-type: none"> 15 Points for ATPI 20 or below 12 Points for ATPI 30-40 9 Points for ATPI 50-60 6 Points for ATPI 70-80 3 Points for ATPI 90-100 	15
C2	Applicant's population served: <ul style="list-style-type: none"> 15 Points for <=500 Population Served 12 Points for <=3,300 Population Served 9 Points for <=10,000 Population Served 6 Points for <=20,000 Population Served 3 Points for >20,000 Population Served 	15
C3	Asset Management's Scorecard Summary deficiencies): <ul style="list-style-type: none"> 15 Points for all seven areas are deficient 12 Points for five or six areas are deficient 9 Points for three or four areas are deficient 6 Points for one or two areas are deficient 	15
C4	Percentage of AMP currently completed: <ul style="list-style-type: none"> 15 Points for <= 20% 12 Points for >20% - <=35% 9 Points for >35% - <=50% 6 Points for >50% - <=75% 3 Points for >75% 	15
PROPOSAL CONSIDERATIONS		40
P1	Project includes elements of fiscal sustainability plan (for WW), capacity development plan (for DW) or required MS4 program requirements: <ul style="list-style-type: none"> 40 Points for clearly defining these items and including in AMP 20 Points for including items, but they are not clearly defined 0 Points for not considering these items in AMP 	40

Small and Disadvantaged Communities

A key priority of this grant opportunity is to ensure disadvantaged communities benefit equitably from this funding. To be considered disadvantaged, the community must score 50 or less on the ATPI. Small communities are those with population of 10,000 or fewer. Communities with greater economic need will be prioritized first, then systems with smaller population during the evaluation and scoring of the grants.

Application and Funding of Projects

Eligible grant entities will complete a grant application within SWIG's [Grants Management System \(GMS\)](#). The grant application will establish the items needed for a complete application. All grant applications must be submitted by October 31, 2023.

Commented [SM1]: Dates will change based on GMS timeline

SWIG will rank projects with the potential to be funded based on the highest number of priority points awarded. SWIG will provide award letters to all communities with projects on the grant award announcement. Communities must respond to the award letter within thirty (30) days notifying SWIG of their intent to accept or decline the grant award. Communities that do not respond or not ready to proceed with a contract will be bypassed.

Notice of Award and Grant Contract

SWIG will review, award, and send contracts for the grant applicant's signature within 30 days of receiving a completed grant application. SWIG will work with the grant applicant and discuss the overview of the award, scopes of services, project timelines, terms and conditions, subcontracting, the budget, and the process to reimburse for costs incurred.

Grant Timeline

The anticipated timeline for this grant offering is as follows:

August 20, 2023	Grant Manual Released
August-September, 2023	Grant Workshops
September 15, 2023	Open Application Solicitation
October 31, 2023	Close Application Solicitation
November 1, 2023	Review, Evaluate and Recommend Awards
January 2024	All contracts executed

Commented [SM2]: Dates will change

Submission Guidelines

Each proposal should describe the AMP planning project. Grant applicants may only choose one infrastructure category (drinking water, wastewater or stormwater) to focus AMP efforts on.

Projects must align with the AMP's minimum requirements. Grant applicants must demonstrate that their proposal aligns with the AMP requirements as described in this grant manual's Eligibility section. Applicants will develop and submit this narrative as a part of the proposal submission through GMS.

Grant Application

Applicants will complete a grant application using SWIG's online GMS. The GMS allows grants administration partners to affiliate with the grant applicant to prepare the application for the legally authorized representative's review and electronic signature. Signees other than the executive officer or mayor must include a resolution from the applicant's governing body giving authority to sign for the applicant.

The GMS will include the grant manual, application, project proposal narrative, budget worksheets, and document upload capability. It will be designed to ensure that only complete applications may be submitted for SWIG review and approval. The GMS will also serve as the portal for submitting the required Title VI Pre-Audit Survey, Supplier Direct Deposit Authorization (SDDA), and future invoices for reimbursement requests and state approvals.

Grant Application Requirements

The following information will be required in the grant application. The grant application will be used to generate the information needed to complete the contract. Each city, county, utility, and water authority can only submit one application.

A. Grant Applicant profile information

- a. Organization profile
 - i. Establishes the official contact and signatory.
 - ii. Establishes the individual responsible for grant application implementation and compliance (e.g., oversight of procurement, adherence to reporting requirements, etc.).

B. Title VI Compliance

- a. Title VI compliance application will be a separate application that will need to be completed by the applicant. This must be completed for the organizational profile.

The Title VI compliance application must be completed once per year through the term of the grant.

- b. Specify the completion date of the most recent Title VI application.

C. Budget

- a. The budget proposed in the pre-application questionnaire will need to be populated in Tennessee's budget worksheet. The budget will have expense line-items that conform to [Department and Finance and Administration's Policy](#).

D. General Project Information

- a. Project name
- b. Grant applicant ATPI
- c. Narrative description of the project
- d. Project award type
 - i. Investigation and Planning
- e. Infrastructure type
 - i. DW
 - ii. WW
 - iii. SW
- f. Detailed scope of work for this grant
 - i. Activities and milestones
 - ii. Timeline
- g. Total Project Information
 - i. Total project budget
 - ii. Total project timeline, including start and completion dates for all project phases
 - iii. Additional funding sources committed to the project (other than the match for this grant opportunity)

E. Uploaded Tennessee Infrastructure Scorecard

F. Overall grant budget, including:

- a. Budget for project
- b. Total administrative expenses
- c. Match requirements

G. Proposal details (maximum response – 250 words per question)

H. Authorization

- a. If the principal executive officer or ranking elected official want to allow others to sign off on contract related items, then an authorization letter will need to be uploaded specifying the individuals who have authority to sign and submit documents on the behalf of the principal executive officer or ranking elected official.

I. Self-Debarment Verification

- a. The applicant is required to check the debarment status of their organization along with the officers, directors, owners, partners, employees, or agents of the applicant organization, and ensure each is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for an award by any State or Federal agency.

J. Application Submission Authorization and Acknowledgements

- a. The applicant must submit on official letterhead from the authorized signatory an approval of the submission.
- b. Must sign a certification statement.

Tennessee Infrastructure Scorecard

The Scorecard is a benchmarking tool for drinking water, wastewater, and stormwater systems. It was developed as a pilot tool in 2020 through a partnership with TAUD to assist small systems with prioritizing their most critical needs. In 2021, the Scorecard was adapted for use as a needs assessment tool for systems of any size. The Scorecard covers key areas of a system's technical, managerial, financial, operational, and environmental health. Financial data, asset management, risk and resiliency, compliance, and operations are assessed at a basic level.

It is the goal of SWIG to have all system Scorecards on file and use this information in SWIG's program moving forward. Systems must complete a Scorecard to be eligible for ranking and review of application materials. Many systems through the State ARP funding have submitted a Scorecard. If this is the case, then the summary on file can be used for the grant application.

Scorecard Completion

Cities, counties, utility district and water authorities across the state who operate multiple systems, must complete a Scorecard for every system they own or operate before applying. For those who have not created and submitted a Scorecard, please reference the Scorecard Completion section. If a system does not have a completed Scorecard, instructions on how to complete a Scorecard can be accessed on [SRF's website](#).

Funding Conditions

Grant Terms and Conditions

The grant contract will have strict performance measures to ensure that the schedule and information provided in the grant application will be executed in a timely manner. The grant contract will have a 24-month term. All grantees must fulfill the grant obligations to meet any terms, covenants, conditions, or provisions of the grant contract. SWIG will have no obligation to the grantee for fulfillment and reimbursement of funds outside the term of the contract.

Procurement

Grant applicants are responsible for ensuring that any procurement using competitive SWIG funds, or payments under procurement contracts using such funds, are consistent with state procurement standards¹ and those set forth in the Uniform Guidance at 2 CFR Part 200 Subpart D, as applicable. When the terms of a grant award allow disbursements for the cost of goods, materials, supplies, equipment, or contracted services, such procurement must be made on a competitive basis, including using competitive bidding procedures, if purchases are above the simplified acquisition threshold. According to the State's Procurement Policy, acquisitions greater than \$50,000 are required to be formally procured. Local procurement policies and thresholds for simplified acquisitions may be lower. At a minimum, the lowest threshold (local, state, or federal) should be applied for any transaction. Grant applicants must maintain documentation for the basis of each procurement for which a disbursement is made under to the grant award. In each instance where it is determined that using a competitive procurement method is not practical, supporting documentation must include a written justification for the decision and use of a non-competitive procurement process. Further, grant applicants are considered subrecipients, therefore, must comply with 2 C.F.R. §§ 200.318—200.327 when procuring property and services under a federal award.

Reimbursement

A request to be reimbursed for costs incurred on awarded grants shall include only requests for actual, reasonable, and necessary expenditures required in the delivery of service described in the grant contract and identified in the individual project budget. Reimbursement may not include any request for future expenditures. The grant contract term for a reimbursement request means the time during which the grant applicant may incur new obligations to carry out the work authorized in the grant contract. Grant contracts will have a 24-month term from the issuance of the contract. Grant applicants may elect to complete their final report early if all contract deliverables are complete and reports are submitted and approved.

Monitoring, Oversight and Reporting Requirements

Grantee's will be subject to monitoring and evaluation by SWIG, state auditors, and the Comptroller of the Treasury, or their duly appointed representatives. All grantees will be required through the GMS to submit progress reports, annual and final reports. The grantee shall comply with all applicable state and federal laws and regulations in the performance of the grant contract. The grantee and any approved subcontractor shall maintain documentation for all

¹ State public contracting laws under Tennessee Code Annotated Title 4, Chapter 56; Title 12, Chapter 3; and Title 12, Chapter 4.

items managed under the grant contract. It is recommended grant recipients and partners appropriately maintain accounting records for compiling and reporting accurate, compliant financial data in accordance with appropriate accounting standards and principles. Records shall be maintained for a period less than five full years from the date of the final payment. Grant applicants may be subject to state and local audits.

Public Records

Any information submitted in response to the solicitation for the State of Tennessee's AMP grant may be considered public record and will be subject to disclosure to the public as required by Tennessee law. By applying for a grant, applicants agree to allow the use of applicant and project information as provided in application and grant documents to be published or distributed in various print or electronic media publications. The application is also subject to the State of Tennessee's applicable laws governing the public disclosure of personally identifiable information, which are set forth in Tennessee Code Annotated section 10-7-504(a)(29). Pursuant to Tennessee Code Annotated section 10-7- 503(a)(5), "information made confidential by State law shall be redacted whenever possible, and the redacted record shall be made available for inspection and copying."

Certification

SWIG reserves the right to not award funds to applicants that:

- Fail to submit a complete application;
- Does not respond to the funding notification letter;
- Exhibit poor performance in complying with the expectations and requirements of previous grant or loan contracts with the State of Tennessee;
- Have regulatory and/or programmatic compliance issues with the State of Tennessee.

The applicant shall certify that:

- The applicant understands that the elements of [Title VI compliance](#) correspond to requirements for Title VI as provided for in 42 U.S.C. § 2000(d) and in Tennessee Code Annotated section 4-21-904, and applicant has either adopted and implemented these elements of compliance or has agreed to adopt and implement SWIG's compliance resources as its own;
- The applicant understands that the applicant's eligibility for funding is contingent upon its satisfaction of and adherence to the requirements of Title VI, as well as any contractor or subcontractor associated with the project as required by law;
- The applicant understands that if the applicant is awarded a grant by SWIG, the applicant will need to show evidence of completion of Title VI training when requested by SWIG;

- The applicant has read and understands the reporting requirements and that the applicant will comply with these requirements;
- All vendors will be selected in accordance with state public contracting laws under Tennessee Code Annotated Title 4, Chapter 56; Title 12, Chapter 3; and Title 12, Chapter 4; and
- The applicant, along with the officers, directors, owners, partners, employees, or agents of the applicant organization, is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for an award by any State or Federal agency.

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Appendix

Example of Eligible Activities:

Inventory and Condition Assessment

1. Activities that are used to create, refine, verify, or expand assets attributes or information. This includes documenting, organizing, and assessing the physical condition of each asset. This also include reverifying already inventory assets from previous inventoried efforts.
2. Inventorying assets into a digital map. This would include importing data into software like Geographic Information System or digitizing paper maps to digital features.

Level of Service

1. Activities that establish performance goals and measure performance:
 - a. Defining initial level of service or changing existing goals based on customer demand, source water, regulatory compliance, new processes, etc.
 - b. Data analysis including energy consumption and water conservation metrics.
 - c. Conducting customer surveys, workshops, or engagement activities to gauge level of service.

Critical Assets

1. Activities that rank the criticality of assets and consequences of failure:
 - a. Documenting age, materials, useful life, maintenance history, costs to replace and current condition.
 - b. Conducting failure analysis and impacts to level of service.
 - c. Ranking and creating the likelihood failure score and developing criteria relating to consequence of failure.

Minimizing Life Cycle Costs – Capital Improvement Plan

1. Activities that apply to Life Cycle Costs:
 - a. Analysis of inventory, condition and capacity, and criticality of assets to assist in prioritizing:
 - i. Repair
 - ii. Rehabilitation
 - iii. Replacement
 - b. Developing or updating a capital improvement plan with the minimum information:

- i. Description of the project
- ii. Establish the need for and benefits of the project, including reduction in energy costs, sewer overflows, or water loss where applicable
- iii. Estimate of project cost
- iv. Estimate of impacts on operations and maintenance
- v. Funding source(s)

Long-Term Funding Plan – Rate Evaluation

1. Activities that create long-term sustainable and reasonable fee structure:
 - a. Creating a report with long-term funding requirements and rate adjustments. This includes the analysis of fee structure and rates based on cost projections and customer needs.
 - b. Hiring an independent consultant to perform rate studies that meet all statutory and regulatory requirements.

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