



**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**NOVEMBER 29, 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 October 9, 2023
3. Consideration of approval for an amendment to the financial advisor contract with PFM Financial Advisors, LLC
4. Consider for approval the following Drinking Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term	% Forgiveness
Huntingdon, DG20 2024-262	\$ 1,600,000	\$ 400,000	\$ 2,000,000	1.54%	20	20.00%
Fayetteville, DW8 2024-260	\$ 550,000	\$ 250,000	\$ 800,000	2.10%	5	31.25%
Fayetteville, DWB22 2024-263	\$ 7,700,000	\$7,500,000	\$ 15,200,000	2.30%	20	49.34%
Fayetteville, DWB22 2024-264	\$ 540,000	\$1,260,000	\$ 1,800,000	2.30%	20	70.00%
Etowah, DW9 2024-261	\$ 275,000	\$ 250,000	\$ 525,000	1.78%	5	47.62%
Cleveland Utilities Authority, DWF 2023-258	\$ 3,927,750	\$ -	\$ 3,927,750	3.88%	20	0.00%

5. Adjourn

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**October 9, 2023**

The Tennessee Local Development Authority (the “TLDA”) met on Monday, October 9, 2023, at 3:42 p.m. in the Volunteer Conference Center, 2<sup>nd</sup> Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable David H. Lillard, Jr., State Treasurer, was present and presided over the meeting.

The following members were also present:

Chris Mustain, Proxy for the Honorable Tre Hargett, Secretary of State  
Sandra Thompson, Proxy for the Honorable Jason E. Mumpower, Comptroller of the Treasury  
Commissioner Jim Bryson, Department of Finance and Administration  
Mayor Paige Brown, House Appointee  
Mayor Rollen “Buddy” Bradshaw, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Treasurer Lillard called the meeting to order. Treasurer Lillard, in accordance with Public Chapter 300 and Board guidelines, asked Ms. Alicia West, Program Accountant with the Division of State Government Finance (“SGF”) if any requests for public comment had been received. Ms. West responded that no requests for public comment had been received.

Treasurer Lillard stated that the first item on the agenda was approval of the minutes from the September 20, 2023, TLDA meeting. Treasurer Lillard motioned to approve the minutes, and Mayor Brown seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The minutes were unanimously approved.

Treasurer Lillard stated that the next item on the agenda was the consideration of a request from the Warren County Utility District (the “District”) to issue United States Department of Agriculture (“USDA”) Waterworks Revenue Bonds in an amount not to exceed \$4,000,000 on parity with its State Revolving Fund (SRF) loan. He recognized Ms. West, to present the request. Ms. West stated that the District was requesting approval from the TLDA to issue USDA Rural Development Bonds in an amount not to exceed \$4,000,000 on parity with its SRF loans. She explained that the bonds would be payable from and secured by a shared senior lien on the net revenues of the system and would be subject to a prior lien in favor of the District’s Series 2009 Waterworks Revenue Bond, which it intended to pay off on or before November 8, 2023. Ms. West stated that the bonds would finance improvements and extensions to the District’s Waterworks System, including a water line that the District noted was vitally important to the health and welfare of the citizens within its service area. Ms. West reported that the District made timely loan repayments and had timely filed its fiscal year end 2022 audited financial statements with the Division of Local Government Audit, which reflected a positive change in net position of \$1.5 million. She stated that the District had an operating income of approximately \$914,000 and its current and projected debt service coverage met or exceeded the 1.2 times coverage as required by the SRF loan agreement. Ms. West stated that based on the analysis conducted, the District appeared to meet the TLDA’s criteria to issue the bonds on parity with its SRF loan. Treasurer Lillard inquired if there were any questions or discussion. Ms. Thompson stated that Betsy Knotts, a representative for the District, was on the phone. Treasurer Lillard asked if Ms. Knotts wished to comment, but she did not respond. With no further discussion, Treasurer Lillard motioned approval of the District’s request. Mayor Brown seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The request was unanimously approved.

Treasurer Lillard stated that the next item on the agenda was the consideration of requests from the City of Cleveland (the “City”) and Cleveland Utilities Authority (the “Authority”). He recognized Ms. Vena Jones, Program Manager,

Tennessee Department of Environment and Conservation (“TDEC”) Division of Water Resources, to present the request. Ms. Jones stated that the TDEC had received a request from the City to transfer its 18 SRF loans to the newly created Authority. She stated that TDEC assessed the financial capacity of the Authority and issued a waiver of opinion letter on September 25, 2023. Ms. Jones also stated that the City and the Authority would execute an agreement to assign all the loans’ rights, titles, and debts to the Authority. She added that TDEC would prepare new loan documents with the same terms as the 18 loans, and once approved, it would finalize and execute the documents. Treasurer Lillard asked if there was more to discuss regarding Cleveland, and Ms. West responded affirmatively. Ms. West stated that along with the 18 SRF loans to be transferred, the City had additional outstanding indebtedness related to the system, which would be retired with the proceeds of a new series of water and sewer revenue bonds to be issued in connection with the transfer of the system to the Authority. Ms. West stated that upon assignment of the loans from the City to the Authority, the Authority must request permission from the TLDA to issue additional debt pursuant to the loan agreements and as required by the TLDA Policy and Guidance for Borrowers. She stated that upon the transfer of the loans, the Authority requested permission from the TLDA to issue additional debt payable from the system’s revenues in an amount not to exceed \$28,500,000 and that it would be issued with a shared senior lien position of the combined systems on parity with the SRF loans. Ms. West stated that staff had reviewed the request and noted the timely repayments of the SRF loans and timely filing of Cleveland Utilities’ fiscal year end 2022 audited financial statements. Furthermore, she stated the audit report showed an operating income of \$6.2 million and a positive change in net position of \$5.5 million. Additionally, she stated that the Authority would be required to fund a security deposit for each loan upon TLDA approval. Ms. West stated that the Authority’s current and projected debt service coverage met or exceeded the 1.2 times coverage as required by the SRF loan agreement. Ms. West stated that based on the analysis and considering that the Authority would assume the operations of the City’s system, the Authority would have the ability to assume the City’s SRF loans and meet its other debt obligations. Furthermore, she stated that the Authority appeared to meet the TLDA’s requirements to issue bonds with a shared senior lien position of the combined systems’ revenues on parity with its SRF loans. Treasurer Lillard inquired if there were any questions for Ms. Jones or Ms. West. Hearing none, he moved approval of items 4. a) and 4. b). Commissioner Bryson asked if Treasurer Lillard intended to simultaneously entertain a motion on both items. Treasurer Lillard responded affirmatively. Commissioner Bryson moved to approve both requests, and Mayor Brown seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The requests were unanimously approved.

Treasurer Lillard stated that the next item on the agenda was the consideration and approval of a Clean Water State Revolving Fund (CWSRF) loan. He recognized Ms. Jones to present the loan request. Ms. Jones first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund balance was \$188,032,014 as of September 20, 2023. Upon approval of the loan request to be presented totaling \$20,000,000, the remaining funds available for loan obligations would be \$168,032,014. She then presented the CWSRF loan request.

- **Chattanooga (SRF 2023-478)** Requesting \$20,000,000 for an infiltration and inflow (I/I) correction: Wet weather storage, Phase 6—Construction of a 5 million-gallon (MG) equalization (EQ) basin, 10 million-gallons per day (MGD) Hixson pump station, a 20 MGD submersible dry-weather pump station, and associated appurtenances; recommended interest rate of 2.60% based on the Ability to Pay Index (ATPI); Priority ranking 48 of 64 (FY2020); Term: 20 years

Treasurer Lillard inquired if there were any questions or comments. Hearing none, Commissioner Bryson motioned to approve the loan, and Mayor Bradshaw seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The loan was unanimously approved.

Hearing no other business, Treasurer Lillard moved to adjourn the meeting. Commissioner Bryson seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The meeting was adjourned.

Approved on this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary

**AMENDMENT TWO**  
**to**  
**CONTRACT BETWEEN**  
**THE STATE OF TENNESSEE,**  
**OFFICE OF THE COMPTROLLER OF THE TREASURY, AND**  
**PFM FINANCIAL ADVISORS LLC**

The contract dated December 20, 2019, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller”) and PFM Financial Advisors LLC (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee (“State”) and the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority (jointly “Issuers”) to assist the Comptroller in the capacity as Secretary to the Issuers, is hereby amended as follows:

1. Section A.1. is amended by deleting the current section A.1. in its entirety and inserting the following in its place:
  1. The Contractor agrees to serve as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

Lisa Lawrence  
Lauren Lowe  
Todd Fraizer, CFA  
Daniel Kozloff  
Joshua McCoy  
Randall Bauer  
Marcie Lewis  
Seth Williams  
Ricardo Callender  
Brooke Baldwin  
Matt Rudroff  
Elise Lomel  
Mike Nadol  
Stanley Geberer  
Kevin Plenzler  
Matthew Stitt  
Danielle Scott  
JoAnne Carter  
Albert Brown  
Greta Englert  
Ryan Conway

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

2. Section B.2. is amended by deleting the current section B.2. in its entirety and inserting the following in its place:

2. For the three-year contract term commencing on January 1, 2020, and ending on December 31, 2022, and for the two one-year extension contract terms, the first of which commenced on January 1, 2023, and ends on December 31, 2023, and the second of which commences on January 1, 2024, and ends on December 31, 2024, the maximum contract amount shall not exceed \$842,304.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October 21, 2019 (the “RFP”). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as adopted by the Issuers.

3. Section B.3. is amended by deleting the current section B.3. in its entirety and inserting the following in its place:

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

Transactional advisory fees (including special project)	\$504,000
Retainer fee	\$312,804
Reimbursement of expenses	<u>\$ 25,500</u>
TOTAL	\$842,304

4. Section B.4 is amended by deleting the current section B.4. in its entirety and inserting the following in its place:

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

Hourly Rate	FY 2020 (6 months)	FY 2021	FY 2022	FY 2023- FY2024	FY 2025 (6 months)
Managing Director	\$350	\$357	\$364	\$371	\$371
Director	\$300	\$306	\$312	\$318	\$318
Senior Managing	\$255	\$260	\$265	\$271	\$271
Senior Analyst/Analyst	\$225	\$229	\$234	\$239	\$239

Debt transactions for the State of Tennessee General Obligation bonds will include a minimum fee of \$50,000 and Tennessee State School Bond Authority bonds will include a minimum fee of \$65,000. The Contractor and the Issuer should set a maximum fee per transaction and at no point should the overall maximum contract amount exceed \$842,304 unless this contract is amended.

5. Section B.6. is amended by deleting the current section B.6. in its entirety and inserting the following in its place:

6. In addition, the State will pay a retainer for consultation and special projects as follows:

	FY 2020 (6 months)	FY 2021	FY 2022	FY 2023- FY2024	FY 2025 (six months)
6. Retainer Per Month	\$5,000	\$5,100	\$5,202	\$5,306	\$5,306

Monthly, the contractor will provide the contract administrator an advice notice of the number of hours expended by project under the retainer. Assuming 60 hours to assist in establishing a new debt issuance program, the Contractor will charge a maximum of \$24,000. The assumptions and expected related costs are attached to this Contract as Exhibit A.

6. Add the following as Section 29 and renumber any subsequent sections as necessary:

29. Boycott of Israel. The Contractor certifies that it is not currently engaged in, and covenants that it will not, for the duration of the Contract, engage in a Boycott of Israel, as that term is defined in Tenn. Code Ann. § 12-4-119.

The other terms and conditions of the Contract not amended hereby shall remain in full force and effect.

[Signature Page Follows]

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

**PUBLIC FINANCIAL MANAGEMENT, INC.**

By: \_\_\_\_\_  
Lauren Lowe, Managing Director

Date: \_\_\_\_\_

**STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY**

By: \_\_\_\_\_  
Jason E. Mumpower, Comptroller of the Treasury

Date: \_\_\_\_\_

**APPROVAL AS TO FUNDING:**

By: \_\_\_\_\_  
Jim Bryson, Commissioner of Finance and Administration

Date: \_\_\_\_\_



DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program  
Funds Available for Loan Obligation  
November 29, 2023**

<b>Unobligated Balance as of August 21, 2023</b>		<b>\$ 98,273,313</b>
<b><u>Increases:</u></b>	<b><u>Loan Number</u></b>	<b><u>Amount</u></b>
Huntingdon	DWF 2020-225	\$ 14,738
		<b>\$ 14,738</b>
<b>Unobligated Balance as of November 29, 2023</b>		<b>\$ 98,288,051</b>
<b><u>Decreases:</u></b>	<b><u>Loan Number</u></b>	<b><u>Loan Amount</u></b>
Huntingdon (Principal Amount)	DG20 2024-262	\$ 1,600,000
Huntingdon (Principal Forgiveness)		\$ 400,000
Fayetteville (Principal Amount)	DW8 2024-260	\$ 550,000
Fayetteville (Principal Forgiveness)		\$ 250,000
Fayetteville (Principal Amount)	DWB22 2024-263	\$ 7,700,000
Fayetteville (Principal Forgiveness)		\$ 7,500,000
Fayetteville (Principal Amount)	DWB22 2024-264	\$ 540,000
Fayetteville (Principal Forgiveness)		\$ 1,260,000
Etowah (Principal Amount)	DW9 2024-261	\$ 275,000
Etowah (Principal Forgiveness)		\$ 250,000
Cleveland Utilities Authority	DWF 2023-258	\$ 3,927,750
		<b>\$ (24,252,750)</b>
<b>Remaining Funds Available for Loan Obligations as of November 29, 2023</b>		<b>\$ 74,035,301</b>

**FACT SHEET**  
**November 29, 2023**

**Borrower:** Town of Huntingdon  
**Project Number:** DG20 2024-262  
**Requested SRF Funding:** \$2,000,000  
**Term:** 20 years  
**ATPI** 10%  
**Rate:** 3.84% X 40% (Tier 1) = 1.54%  
**Companion Loan:** No

**Project:**

GREEN: Distribution System Improvements; replacing existing waterlines on Main Street; extending waterlines to customers along Hwy 77; and replacing existing water meters with AMR meters.

Total Project Cost:	\$2,000,000
Project Funding:	
SRF Loan Principal (80%)	\$1,600,000
Principal Forgiveness (20%)	\$ 400,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Carroll County
Consulting Engineer:	J.R. Wauford & Company Consulting Engineers, Inc.,
Priority Ranking List:	2021
Priority Ranking:	7 of 72 <sup>1</sup>
Public Meeting:	09/07/2023

**Financial Information:**

Operating Revenues:	\$2,779,982
Current Rate:	\$37.06
Financial Review Rate:	\$37.06
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	2,501
Audit Report Filed:	06/21/2023 (Late) <sup>2</sup>
Initial Financial Sufficiency Review:	N/A
Updated Financial Sufficiency Review:	08/10/2023

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

---

<sup>1</sup> The Project ranked #7 of 72 on the 2021 Priority Ranking List.

<sup>2</sup> Late Audit report explanation letter provided to SRF.

**FACT SHEET**  
**November 29, 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: \$709,461

MADS:	Prior Obligations:	\$128,743.20
	Proposed loan(s):	
	DG20 2024-262	<u>\$ 93,002.00</u>
	Totals	<u>\$221,745.20</u>

MADS as a percentage of SSTs: 31.25%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
TOWN OF HUNTINGDON  
DG20 2024-262**

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 \$709,461.00.

**2. Prior Obligations**

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

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer	CGA 2009-251	\$2,840,000.00	\$1,704,000.00	\$98,671.20
SRF/Water	DWF 2020-225	\$150,000.00	\$0.00	\$30,072.00

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

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

The total MADS from section 2(a.) having a lien on SSTs is \$128,743.20.

(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 \$128,743.20.

**3. Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DG20 2024-262	1.54%	\$1,600,000.00	\$400,000.00	\$93,002.00

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$93,002.00.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$487,715.80.

**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 20th day of October, 2023.**

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

LOCAL GOVERNMENT

BY: Nina Smothers  
Nina Smothers, Mayor

**REQUIREMENT FOR REPORT ON DEBT OBLIGATION**

(FORM CT-0253)

**TOWN OF HUNTINGDON**

**DG20 2024-262**

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

The applicant, Town of Huntingdon, 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.

*Nina Smothers*

Nina Smothers, Mayor

10/20/2023

Date

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

# Town of Huntingdon

*Established 1822*

*Honoring our Heritage \*\* Shaping our Future*

October 27, 2023

Ms. Sandi Thompson  
Comptroller of the Treasury  
Division of State Government Finance  
4<sup>th</sup> Floor, Cordell Hull Building  
425 Fifth Avenue North  
Nashville, Tennessee 37243-3400

RE: Audit Submission Delay – Plan of Action

Dear Ms. Thompson,

The Town of Huntingdon understands the importance of annual auditing. Our Auditors, Alexander Thompson Arnold PLLC (ATA), do audits and reporting for many communities. There have been two primary barriers to the timely submission of our annual audits: (1) ATA schedules Huntingdon's audit late in the year—typically sometime between late November early December; and (2) ATA conducts audits for the Industrial Development Board (IDB) and the Carroll County Watershed Authority (CCWA) simultaneously, thus it takes longer to prepare three annual audits reports. Last year, we experienced additional delays in preparing our files for the auditors due to the death of the Mayor at the time, and the transfer of CCWA property to State of Tennessee/Tennessee Wildlife Resources Agency. We understand that although proper procedures for extension requests were filed through the Comptroller's Office, TLDA and LGA do not grant these permissions.

The Town works diligently with the auditors, providing proper quiet and clean space for their reviews, supplying all requested information promptly, and presenting all information in an organized fashion. We will continue to work with our auditors to improve our systems in an effort to submit our annual audit reports to the Comptroller on time. ATA is scheduled to audit Huntingdon, the IDB, and CCWA's financial records the week of October 30, 2023, which is slightly earlier than usual. We hope to schedule the next audit even earlier. The importance of timely submission this year, and in years to follow has been thoroughly communicated to ATA and they have pledged their effort to do so.

We hope this letter provides the additional clarification and commitment you and TLDA are seeking. However, please do not hesitate to contact me if you have any questions, concerns, or need additional information.

Sincerely,



Kim Carter  
Town Recorder

# FACT SHEET

## November 29, 2023

**Borrower:** City of Fayetteville  
**Project Number:** DW8 2024-260  
**Requested SRF Funding:** \$800,000  
**Term:** 5 years  
**ATPI** 40%  
**Rate:** 3.50% X 60% (Tier 2) = 2.10%  
**Companion Loan:** No

### **Project:**

WTP Expansion: Expansion of the existing WTP from 4.5 MGD to 8 MGD. This is a Planning and Design Loan.

Total Project Cost:	\$800,000
Project Funding:	
SRF Loan Principal (68.75%)	\$550,000
Principal Forgiveness (31.25%)	\$250,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Lincoln County
Consulting Engineer:	Fox PE LLC
Priority Ranking List:	2022
Priority Ranking:	82 of 143 <sup>1</sup>
Public Meeting:	10/05/2023

### **Financial Information:**

Operating Revenues:	\$6,724,460
Current Rate:	\$43.21
Financial Review Rate:	\$43.21
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	4,739
Audit Report Filed:	02/15/2023 (Late) <sup>2</sup>
Initial Financial Sufficiency Review:	N/A
Updated Financial Sufficiency Review:	07/05/2023

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

---

<sup>1</sup> The Project ranked #82 of 143 on the 2022 Priority Ranking List.

<sup>2</sup> Late Audit report explanation letter provided to SRF.



**FACT SHEET**  
**November 29, 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: \$1,165,788

MADS:	Prior Obligations:	\$1,345,051
	Proposed loan(s):	
	DW8 2024-260	\$ 115,972
	DWB22 2024-263	\$ 480,677
	DWB22 2024-264	<u>\$ 33,710</u>
	Totals	<u>\$1,975,410</u>

MADS as a percentage of SSTs: 169.44%

**REPRESENTATION OF  
REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF FAYETTEVILLE  
DW8 2024-260**

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 \$1,165,788.

**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	CWO 2013-315	\$732,187.00	\$240,173	\$41,076
SRF/Sewer	CG1 2013-316	\$3,869,613	\$429,957	\$217,086
SRF/Sewer	CG4 2015-350	\$3,720,000	\$280,000	\$212,952
SRF/Sewer	CG2 2015-351	\$1,536,151	\$0	\$87,420
SRF/Sewer	DWF 2016-175	\$5,050,000.00	\$0	\$281,952
SRF/Sewer	CW6 2018-407	\$900,000.00	\$100,000	\$51,180
SRF/Sewer	SRF 2018-408	\$2,999,851.00	\$0	\$170,568
SRF/Water	DWF 2021-230	\$621,000	\$0	\$124,644

\* 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 \$1,186,878.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QSCB				
TLDA/Public Health				
TLDA/Transportation				
TDOT/URLP	496003-00	\$2,070,465	\$0	\$158,173

The total MADS from section 2(b.) having a lien on SSTs is \$158,173.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$1,345,051.

**3. Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DW8 2024-260	2.10%	\$550,000	\$250,000	\$115,972
SRF/Water	DWB22 2024-263	2.30%	\$7,700,000	\$7,500,000	\$480,677
SRF/Water	DWB22 2024-264	2.30%	\$540,000	\$1,260,000	\$33,710

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$630,359.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$-809,622.

**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 14th day of November 2023.**

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

**LOCAL GOVERNMENT**

BY: Donna Hartman  
Donna Hartman, Mayor

**REQUIREMENT FOR REPORT ON DEBT OBLIGATION**  
(FORM CT-0253)  
**CITY OF FAYETTEVILLE**  
**DW8 2024-260**

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.

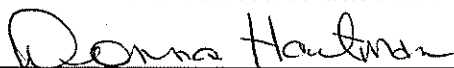
**Municipal Securities Rulemaking Board (MSRB) – Required Disclosure**

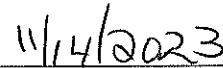
Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial 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](http://emma.msrb.org)).

**The applicant, City of Fayetteville, 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.**

  
Donna Hartman, Mayor

  
Date

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

# FACT SHEET

## November 29, 2023

**Borrower:** City of Fayetteville  
**Project Number:** DWB22 2024-263  
**Requested SRF Funding:** \$15,200,000  
**Term:** 20 years  
**ATPI** 40%  
**Rate:** 3.84% X 60% (Tier 2) = 2.30%  
**Companion Loan:** No

### **Project:**

Waterline Replacement: Replacement of approximately 83,000 LF of aging waterlines to improve pressure and reduce water loss. (Construction)

Total Project Cost:	\$15,200,000
Project Funding:	
SRF Loan Principal (50.66%)	\$7,700,000
Principal Forgiveness (49.34%)	\$7,500,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Lincoln County
Consulting Engineer:	Fox PE LLC,
Priority Ranking List:	2022
Priority Ranking:	56 of 143 <sup>1</sup>
Public Meeting:	10/05/2023

### **Financial Information:**

Operating Revenues:	\$6,724,460
Current Rate:	\$43.21
Financial Review Rate:	\$43.21
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	4,739
Audit Report Filed:	02/15/2023 (Late) <sup>2</sup>
Initial Financial Sufficiency Review:	N/A
Updated Financial Sufficiency Review:	08/22/2023.

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

---

<sup>1</sup> The Project ranked #56 of 143 on the 2022 Priority Ranking List.

<sup>2</sup> Late Audit report explanation letter provided to SRF.

**FACT SHEET**  
**November 29, 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: \$1,165,788

MADS:	Prior Obligations:	\$1,345,051
	Proposed loan(s):	
	DWB22 2024-263	\$ 480,677
	DW8 2024-260	\$ 115,972
	DWB22 2024-264	<u>\$ 33,710</u>
	Totals	<u>\$1,975,410</u>

MADS as a percentage of SSTs: 169.44%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF FAYETTEVILLE  
DWB22 2024-263**

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 \$1,165,788.

**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	CWO 2013-315	\$732,187.00	\$240,173	\$41,076
SRF/Sewer	CG1 2013-316	\$3,869,613	\$429,957	\$217,086
SRF/Sewer	CG4 2015-350	\$3,720,000	\$280,000	\$212,952
SRF/Sewer	CG2 2015-351	\$1,536,151	\$0	\$87,420
SRF/Sewer	DWF 2016-175	\$5,050,000.00	\$0	\$281,952
SRF/Sewer	CW6 2018-407	\$900,000.00	\$100,000	\$51,180
SRF/Sewer	SRF 2018-408	\$2,999,851.00	\$0	\$170,568
SRF/Water	DWF 2021-230	\$621,000	\$0	\$124,644

\* 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 \$1,186,878.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QSCB				
TLDA/Public Health				
TLDA/Transportation				
TDOT/URLP	496003-00	\$2,070,465	\$0	\$158,173

The total MADS from section 2(b.) having a lien on SSTs is \$158,173.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$1,345,051.

**3. Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DWB22 2024-263	2.30%	\$7,700,000	\$7,500,000	\$480,677
SRF/Water	DWB22 2024-264	2.30%	\$540,000	\$1,260,000	\$33,710
SRF/Water	DW8 2024-260	2.10%	\$550,000	\$250,000	\$115,972

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$630,359.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$-809,622.

**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 14th day of November 2023.**

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

**LOCAL GOVERNMENT**

BY:   
Donna Hartman, Mayor



## REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

### CITY OF FAYETTEVILLE

DWB22 2024-263

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

**The applicant, City of Fayetteville, 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.**



Donna Hartman, Mayor

11/14/2023

Date

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

# FACT SHEET

## November 29, 2023

**Borrower:** City of Fayetteville  
**Project Number:** DWB22 2024-264  
**Requested SRF Funding:** \$1,800,000  
**Term:** 20 years  
**ATPI** 40%  
**Rate:** 3.84% X 60% (Tier 2) = 2.30%  
**Companion Loan:** No

### **Project:**

WTP Improvements: Improvements to the solids management facilities and disinfection byproduct control; and the demolition of the existing WTP. (Construction)

Total Project Cost:	\$1,800,000
Project Funding:	
SRF Loan Principal (30%)	\$ 540,000
Principal Forgiveness (70%)	\$1,260,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Lincoln County
Consulting Engineer:	Fox PE LLC
Priority Ranking List:	2022
Priority Ranking:	83 of 143 <sup>1</sup>
Public Meeting:	10/05/2023

### **Financial Information:**

Operating Revenues:	\$6,724,460
Current Rate:	\$43.21
Financial Review Rate:	\$43.21
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	4,739
Audit Report Filed:	02/15/2023 (Late) <sup>2</sup>
Initial Financial Sufficiency Review:	N/A
Updated Financial Sufficiency Review:	08/22/2023

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

---

<sup>1</sup> The Project ranked #83 of 143 on the 2022 Priority Ranking List.

<sup>2</sup> Late Audit report explanation letter provided to SRF.

**FACT SHEET**  
**November 29, 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: \$1,165,788

MADS:	Prior Obligations:	\$1,345,051
	Proposed loan(s):	
	DWB22 2024-264	\$ 33,710
	DWB22 2024-263	\$ 480,677
	DW8 2024-260	<u>\$ 115,972</u>
	Totals	<u>\$1,975,410</u>

MADS as a percentage of SSTs: 169.44%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF FAYETTEVILLE  
DWB22 2024-264**

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 \$1,165,788.

**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	CWO 2013-315	\$732,187.00	\$240,173	\$41,076
SRF/Sewer	CG1 2013-316	\$3,869,613	\$429,957	\$217,086
SRF/Sewer	CG4 2015-350	\$3,720,000	\$280,000	\$212,952
SRF/Sewer	CG2 2015-351	\$1,536,151	\$0	\$87,420
SRF/Sewer	DWF 2016-175	\$5,050,000.00	\$0	\$281,952
SRF/Sewer	CW6 2018-407	\$900,000.00	\$100,000	\$51,180
SRF/Sewer	SRF 2018-408	\$2,999,851.00	\$0	\$170,568
SRF/Water	DWF 2021-230	\$621,000	\$0	\$124,644

\* 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 \$1,186,878.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QSCB				
TLDA/Public Health				
TLDA/Transportation				
TDOT/URLP	496003-00	\$2,070,465	\$0	\$158,173

The total MADS from section 2(b.) having a lien on SSTs is \$158,173.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$1,345,051.

**3. Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DWB22 2024-264	2.30%	\$540,000	\$1,260,000	\$33,710
SRF/Water	DWB22 2024-263	2.30%	\$7,700,000	\$7,500,000	\$480,677
SRF/Water	DW8 2024-260	2.10%	\$550,000	\$250,000	\$115,972

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$630,359.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$-809,622.

**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 14th day of November 2023.**

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

**LOCAL GOVERNMENT**

BY:   
Donna Hartman, Mayor

**REQUIREMENT FOR REPORT ON DEBT OBLIGATION**

(FORM CT-0253)

**CITY OF FAYETTEVILLE  
DWB22 2024-264**

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 Fayetteville, 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.**

*Donna Hartman*

Donna Hartman, Mayor

11/14/2023

Date

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



JASON E. MUMPOWER  
*Comptroller*

November 21, 2023

Ms. Loretta Garner  
Finance Director  
City of Fayetteville  
110 Elk Avenue South  
Fayetteville, Tennessee 37334

Dear Ms. Garner:

During the review of the City of Fayetteville's (the "City") State Revolving Fund (SRF) loan application, the Tennessee Department of Environment and Conservation (TDEC) observed that the City had not filed its fiscal year 2022 audit report within six months after fiscal year end. The City provided a letter regarding the late submission to our office that serves as staff to the Tennessee Local Development Authority (TLDA) and cited that the reason for the late submission was because of staffing changes.

Please be aware that the audit contract does not provide for filing annual audit reports later than six months after the fiscal year end, and the Comptroller's Division of Local Government Audit (LGA) did not grant permission to extend the contracted filing deadline. For further information, contact LGA for clarification on audit contract requirements.

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 considered for approval at the November 29, 2023, TLDA meeting with the expectation that the City will timely file future reports.

Information on the SRF program's audit filing requirement is contained in the TLDA's SRF Policy and Guidance for Borrowers which can be obtained online at:  
<https://www.comptroller.tn.gov/boards/tennessee-local-development-authority/tlda-information/policies.html>.

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

Sincerely,

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

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

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

# City of Fayetteville



Donna Hartman, Mayor  
Danny Bryant, Vice Mayor  
Kevin L. Owens – City Administrator

Phone (931) 433-6154  
Fax (931) 433-2557

Alderman:  
Jeff Alder  
Tonya Allen  
Rogr Martinez  
Jacob Painter  
Dorothy Small

*"Where Tradition Meets Tomorrow"*

110 Elk Avenue South Fayetteville, TN 37334 [www.fayettevilletn.com](http://www.fayettevilletn.com)

November 8, 2023

To Whom It May Concern:

At 6/30/22, the city was experiencing staffing changes. This required additional time for the new staff to get trained and to be able to prepare required audit schedules.

Sincerely,

Loretta Garner, CPA  
Finance Director



# FACT SHEET

## November 29, 2023

**Borrower:** City of Etowah  
**Project Number:** DW9 2024-261  
**Requested SRF Funding:** \$525,000  
**Term:** 5 years  
**ATPI** 40%  
**Rate:** 2.97% X 60% (Tier 2) = 1.78%  
**Companion Loan:** No

### **Project:**

WTP Expansion and Distribution System Improvements: Expansion of the existing WTP from 4.2 MGD to 8 MGD and the construction of a new 3.2 MGD booster pump station to replace the existing West 5th Street Pump Station. This is a Planning and Design loan.

Total Project Cost:	\$525,000
Project Funding:	
SRF Loan Principal (52.38%)	\$275,000
Principal Forgiveness (47.62%)	\$250,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	McMinn County
Consulting Engineer:	CTI Engineers, Inc.
Priority Ranking List:	2022
Priority Ranking:	112 of 143 <sup>1</sup>
Public Meeting:	10/17/2023

### **Financial Information:**

Operating Revenues:	\$4,175,084
Current Rate:	\$48.26
Financial Review Rate:	\$48.26
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	4,773
Audit Report Filed:	03/30/2023 (Late) <sup>2</sup>
Initial Financial Sufficiency Review:	N/A
Updated Financial Sufficiency Review:	08/10/2023

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

---

<sup>1</sup> The Project ranked #112 of 143 on the 2022 Priority Ranking List.

<sup>2</sup> Late Audit report explanation letter provided to SRF.

**FACT SHEET**  
**November 29, 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: \$539,616

MADS:	Prior Obligations:	\$163,452
	Proposed loan(s):	
	DW9 2024-261	<u>\$ 57,525</u>
	Totals	<u>\$ 220,977</u>

MADS as a percentage of SSTs: 40.95%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
CITY OF ETOWAH  
DW9 2024-261**

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 \$539,616.

**2. Prior Obligations**

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

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer	CW0 2012-296	\$800,000	\$200,000	\$42,288
SRF/Sewer	CW3 2014-340	\$950,000	\$50,000	\$50,820
SRF/Sewer	SRF 2015-347	\$302,022	\$0	\$16,224
SRF/Water	DG9 2021-241	\$1,000,000	\$0	\$54,120

\* 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 \$163,452.

(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 \$163,452.

**3. Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DW9 2024-261	1.78%	\$275,000	\$250,000	\$57,525

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$57,525.

**4. Unobligated SSTs**

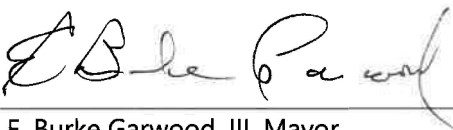
The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$318,639.

**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 23rd day of October, 2023.**

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

**LOCAL GOVERNMENT**

BY:   
\_\_\_\_\_  
E. Burke Garwood, III, Mayor

## REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

### CITY OF ETOWAH

DW9 2024-261

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.

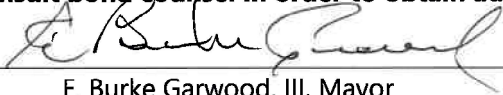
#### **Municipal Securities Rulemaking Board (MSRB) – Required Disclosure**

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

**The applicant, City of Etowah, 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.**

  
E. Burke Garwood, III, Mayor

10-23-23

Date

# **BROWN JAKE & McDANIEL, PC**

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

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

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2023

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

Dear Harold and April,

Per your email, you shared information concerning the filing dates with the Tennessee Comptroller's office of the City of Etowah's audited annual financial reports for the fiscal year 2020, 2021, and 2022. These dates were made known to the both of you by correspondence with a Tennessee Department of Environment and Conservation representative. We have reviewed the delinquency dates noted for both entities' reports and I specifically discussed with the both of you today the reasons for the Utilities delinquencies in reporting.

As you both know we normally have agreed to conduct the audit and issue our reports by December 31st for the Utilities following the annual fiscal year end to facilitate the inclusion of the Utilities reporting in the City's combined reporting as the primary government. The fiscal year of 2020 was filed in January of the following year for Etowah Utilities Board. We encountered difficulties in 2021 completing the engagement due to, as it was for many entities; by Covid 19 protocols. This caused delays to our onsite fieldwork and completion of the audit by our employees and your employees. In some instances, our employees were being quarantined or awaiting test results as you all probably experienced with your staff. The report was filed in March 2022 and caused delays in releasing the City's report until subsequent months. For 2022 the report for Etowah Utilities Board was filed on December 23, 2022, and was timely in accordance with the audit contract. The City's annual financial report for 2022 was delayed due to changes in management at the City and the maternity leave of an important staff member during the audit fieldwork and reporting period. Also, special federal single audit testing procedures had to be performed on federal school emergency awards (ESSER funds) at City's school system.

We are committed to completing the 2023 Utilities reporting on a timely basis. We have and you have agreed to allow us to move our onsite final audit fieldwork dates up into the months of August and September. This has allowed us to begin drafting the financial statements and reporting schedules for your review and approval during October 2023. I believe this will allow us to complete and release the regular financial reporting document and our audit reports no later than the month of November 2023 for Etowah Utilities.

I have communicated with the City Finance Director/Recorder, Alison Bull, in past months concerning the audit fieldwork schedules and delinquencies existing with the City's financial reporting for the same prior periods as discussed above. We are making great strides in 2023 to improve the timeliness of the City's financial reporting after Covid 19 delays for our onsite audit fieldwork at the City and City School System occurred in 2020 and 2021 with both our personnel and the City's staff. Our goal is to improve the final reporting release date by several months. Even though our 2022 release date was delayed because of special single audit testing and changes in City management, we are committed to completion of the 2023 financial reporting by December 2023, but no later than January 2024. Also, with assistance from Alison and

the City's staff, we believe the 2024 annual financial report will be filed in a timely manner by December 2024.

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

With best regards,

A handwritten signature in black ink that reads "Frank D. McDaniel". The signature is written in a cursive, flowing style with a large initial "F" and "M".

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

CC: Alison Bull, City Finance Director/Recorder  
Russell Blair

**FACT SHEET**  
**November 29, 2023**

**Borrower:** Cleveland Utilities Authority  
**Project Number:** DWF 2023-258  
**Requested SRF Funding:** \$3,927,750  
**Term:** 20 years  
**ATPI:** 70%  
**Rate:** 3.88% X 100% (Tier 4) = 3.88%  
**Companion Loan:** No

**Project:**

WTP Improvements: Construction of a Sodium Hypochlorite Feed System to replace the existing Chlorine Feed System at the Cleveland Filter Plant.

Total Project Cost:	\$3,927,750
Project Funding:	
SRF Loan Principal	\$3,927,750
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Bradley County
Consulting Engineer:	HDR Engineers, Inc.
Priority Ranking List:	2022
Priority Ranking:	63 of 143 <sup>1</sup>
Public Meeting:	04/27/2023

**Financial Information:**

Operating Revenues:	\$35,046,595
Current Rate:	\$33.79
Financial Review Rate:	\$33.79
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	33,439
Audit Report Filed:	12/19/2022 (Timely)
Initial Financial Sufficiency Review:	03/28/2023
Updated Financial Sufficiency Review:	N/A

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

---

<sup>1</sup> The Project ranked #63 of 143 on the 2022 Priority Ranking List.



**FACT SHEET**  
**November 29, 2023**

**Additional Security**

A security deposit equal to one year's maximum annual debt service is required to be deposited with the TLDA before any funds are disbursed to the borrower. The anticipated required security deposit for this loan is \$282,645.00.

**REPRESENTATION OF  
LOANS AND SECURITY DEPOSIT  
CLEVELAND UTILITIES AUTHORITY  
DWF 2023-258**

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	CW0 2013-319	\$1,374,972.00	\$451,020.00	\$76,992.00
SRF/Sewer	SRF 2013-320	\$8,169,388.00	\$0.00	\$457,440.00
SRF/Sewer	CG4 2015-349	\$2,325,000.00	\$175,000.00	\$133,092.00
SRF/Water	DG2 2014-151	\$2,000,000.00	\$500,000.00	\$115,812.00
SRF/Water	DW6 2017-192	\$798,756.00	\$199,689.00	\$46,680.00
SRF/Water	DWF 2016-172	\$2,889,229.00	\$0.00	\$159,720.00
SRF/Water	DWF 2017-193	\$195,000.00	\$0.00	\$11,400.00
SRF/Sewer	CG3 2017-379	\$104,897.90	\$5,520.10	\$5,724.00
SRF/Water	DWF 2018-205	\$430,000.00	\$0.00	\$24,456.00
SRF/Sewer	CW6 2018-415	\$884,206.80	\$98,245.20	\$51,432.00
SRF/Sewer	SRF 2018-416	\$491,390.00	\$0.00	\$28,620.00
SRF/Sewer	SRF 2018-417	\$10,000,000.00	\$0.00	\$583,476.00
SRF/Sewer	CW7 2019-431	\$1,593,900.00	\$177,100.00	\$91,152.00
SRF/Sewer	SRF 2018-417-01	\$10,000,000.00	\$0.00	\$537,540.00
SRF/Water	DWF 2022-247	\$825,000.00	\$0.00	\$47,004.00
SRF/Sewer	SRF 2022-473	\$4,650,000.00	\$0.00	\$264,924.00
SRF/Sewer	SRF 2023-484	\$2,700,000.00	\$0.00	\$170,112.00
SRF/Sewer	SRF 2022-473-01	\$3,100,000.00	\$0.00	\$195,312.00

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

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

The total required security deposit(s) for previously approved SRF loan(s) is \$3,000,888.00.

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DWF 2023-258	3.88%	\$3,927,750.00	\$0.00	\$282,645.00

The total anticipated security deposit(s) for the proposed loan(s) is \$282,645.00.

- c. The total MADS (a+b) is \$3,283,533.

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

**Duly signed by an authorized representative of the Local Government on this 1st day of November, 2023.**

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

**LOCAL GOVERNMENT**

**BY:**



***Tim Henderson, the President/ CEO***

## REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

### CLEVELAND UTILITIES AUTHORITY DWF 2023-258

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, Cleveland UA, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related to this rule.**



Tim Henderson, the President/ CEO

11-1-2023

Date

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