



TENNESSEE LOCAL DEVELOPMENT AUTHORITY
DECEMBER 14, 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 November 29, 2023
3. Requests from the City of Wartburg and the Plateau Utility District
 - a) Consider for approval a request to transfer (through the issuance of a new SRF loan with the same terms) the City of Wartburg's SRF loan to the Plateau Utility District
 - b) Consider for approval a request from the District to assume the loan on parity with its Series 2012 Bonds and Series 2020 Bond and to update the security to the Combined System
4. Report on the notification from the Town of Oakland submitted to comply with TLDA SRF Policy and Guidance for Borrowers
5. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
November 29, 2023

The Tennessee Local Development Authority (the “TLDA”) met on Wednesday, November 29, 2023, at 3:03 p.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 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 members were absent:

The Honorable Bill Lee, Governor
The Honorable Jason E. Mumpower, Comptroller of the Treasury

Recognizing a physical quorum present, Secretary Hargett called the meeting to order. Secretary Hargett, in accordance with Public Chapter 300 and Board guidelines, asked Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance (“SGF”), if any requests for public comment had been received. Ms. Thompson responded that no requests for public comment had been received. Secretary Hargett asked Ms. Thompson to conduct a roll-call:

Treasurer Lillard—Present
Secretary Hargett—Present
Commissioner Bryson—Present
Mayor Bradshaw—Present
Mayor Brown—Present

Secretary Hargett stated that Comptroller Emeritus Justin P. Wilson was present in an advisory capacity.

Secretary Hargett stated that the first item on the agenda was approval of the minutes from the October 9, 2023, TLDA meeting. He inquired if there were any questions or comments. Hearing none, Commissioner Bryson motioned to approve the minutes, and Treasurer Lillard seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote.

Treasurer Lillard—Aye
Secretary Hargett—Aye
Commissioner Bryson—Aye
Mayor Bradshaw—Aye
Mayor Brown—Aye

The minutes were unanimously approved.

Secretary Hargett stated that the next item on the agenda was the consideration of approval for an amendment to the financial advisor contract with PFM Financial Advisors, LLC. He stated that Ms. Thompson had explained the amendment in the previous State Funding Board and Tennessee State School Bond Authority meetings. Secretary Hargett stated that staff was satisfied with the financial advisor and recommended that the TLDA approve an amendment to extend the contract an additional year. He asked Ms. Thompson if that was correct, and she responded

affirmatively. Secretary Hargett stated that the Chair would entertain a motion to approve the amendment. Treasurer Lillard moved to approve the amendment, and Commissioner Bryson seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote:

Treasurer Lillard—Aye
Secretary Hargett—Aye
Commissioner Bryson—Aye
Mayor Bradshaw—Aye
Mayor Brown—Aye

The amendment was unanimously approved.

Secretary Hargett stated that the next item on the agenda was the consideration and approval of Drinking Water State Revolving Fund (DWSRF) loans and said that, unless there were any objections, the TLDA would hear all the loan requests prior to asking for a motion to approve. Hearing none, he recognized Ms. Vena Jones, Program Manager, Tennessee Department of Environment and Conservation (“TDEC”) Division of Water Resources, to present the loan requests. Ms. Jones first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. She stated the unobligated fund balance was \$98,273,313 as of August 21, 2023. Since that time, the unobligated had increased by \$14,738 with the return of unused funding from the City of Huntingdon. Upon approval of the loan requests to be presented totaling \$24,252,750, the remaining funds available for loan obligations would be \$74,035,301. Secretary Hargett inquired if there were any questions about the fund balance, and Commissioner Bryson responded affirmatively. Commissioner Bryson asked Ms. Jones why Fayetteville had a high maximum annual debt service (MADS) percentage compared to other cities. Ms. Jones said the City’s MADS was shown as a percentage of its state-shared taxes (SSTs). However, she stated that during TDEC’s financial sufficiency review, SRF staff ensured that the City’s rates generated enough revenue to cover its debt service, instead of relying on its SSTs, which are pledged as an additional security. Commissioner Bryson asked if TDEC felt comfortable when looking at Fayetteville’s revenues directly, and Ms. Jones responded affirmatively. She elaborated that during its financial sufficiency review, TDEC factored in depreciation, revenues, costs, and expenses to determine that an applicant was financially sufficient to cover its debt service. Ms. Jones stated that TDEC was confident in the City’s ability to repay its SRF loan even though its MADS exceeded its SSTs. Commissioner Bryson thanked Ms. Jones for the information. Secretary Hargett then inquired if there were any further questions. Hearing none, he asked Ms. Jones to present the DWSRF loan requests.

- **Huntingdon (DG20 2024-262)** Requesting \$2,000,000 (\$1,600,000 (80%) loan; \$400,000 (20%) principal forgiveness) for a Green: Distribution system improvements; replacing existing waterlines on Main Street; extending waterlines to customers along Highway 77; and replacing existing water meters with automatic meter reading (AMR) meters; recommended interest rate of 1.54% based on the Ability to Pay Index (ATPI); Priority ranking 7 of 72 (FY2021); Term: 20 years
- **Fayetteville (DW8 2024-260)** Requesting \$800,000 (\$550,000 (68.75%) loan; \$250,000 (31.25%) principal forgiveness) for a water treatment plant (WTP) expansion: Expansion of the existing WTP from 4.5 million gallons per day (MGD) to 8 MGD; This is a planning and design loan; recommended interest rate of 2.10% based on the ATPI; Priority ranking 82 of 143 (FY2022); Term: 5 years
- **Fayetteville (DWB22 2024-263)** Requesting \$15,200,000 (\$7,700,000 (50.66%) loan; \$7,500,000 (49.34%) principal forgiveness) for a waterline replacement: Replacement of approximately 83,000 linear feet of aging waterlines to improve pressure and reduce water loss; Construction; recommended interest rate of 2.30% based on the ATPI; Priority ranking 56 of 143 (FY2022); Term: 20 years
- **Fayetteville (DWB22 2024-264)** Requesting \$1,800,000 (\$540,000 (30%) loan; \$1,260,000 (70%) principal forgiveness) for WTP improvements: Improvements to the solids management facilities and disinfection by product control; and the demolition of the existing WTP; Construction; recommended interest rate of 2.30% based on the ATPI; Priority ranking 83 of 143 (FY2022); Term: 20 years

- **Etowah (DW9 2024-261)** Requesting \$525,000 (275,000 (52.38%) loan; \$250,000 (47.62%) principal forgiveness for 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; recommended interest rate of 1.78% based on the ATPI; Priority ranking 112 of 143 (FY2022); Term: 5 years
- **Cleveland Utilities Authority (DWF 2023-258)** Requesting \$3,927,750 for WTP improvements: Construction of a sodium hypochlorite feed system to replace the existing chlorine feed system at the Cleveland Filter Plant; recommended interest rate of 3.88% based on the ATPI; Priority ranking 63 of 143 (FY2022); Term: 20 years

Secretary Hargett inquired if there were any questions or comments. Hearing none, he motioned to approve the loans, and Treasurer Lillard seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote:

Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—No response

The loans were approved.

Hearing no other business, Secretary Hargett moved to adjourn the meeting. Treasurer Lillard seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote:

Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—No response

The meeting was adjourned.

Approved on this _____ day of _____, 2023.

Respectfully submitted,

Sandra Thompson
 Assistant Secretary



JASON E. MUMPOWER
Comptroller

December 14, 2023

**Plateau Utility District/City of Wartburg
Request to Transfer Loan and Modify Lien Position**

The Plateau Utility District (the “District”) and the City of Wartburg (the “City”) (collectively, the “Parties”) are requesting approval from the Tennessee Local Development Authority (the “TLDA”) to transfer the City’s State Revolving Fund (SRF) loan, SRF 2005-182, (the “SRF Loan”) from the City to the District. The SRF Loan is currently payable from the revenues of the City’s wastewater treatment and collection system (the “System”). Upon assumption of the SRF Loan, the District wants to update the pledged security to a combined water and wastewater system (the “Combined System”) revenue pledge of the District. In addition to the SRF Loan, the City will also assign its Series 2020 Revenue Bond (the “Series 2020 Bond”)¹ to the District with an updated security of the Combined System. The District currently has outstanding Series 2012 Revenue Bonds² and is requesting that the TLDA agree that the SRF Loan be assigned on parity with the Series 2020 Bond and the Series 2012 Bonds. The Parties stated in the request letter that they believe that the TLDA’s consent to these requests is in the public interest insofar as it will facilitate the transfer of the System from the City to the District, which the City has determined to be in the best interest of its citizens and that the TLDA’s consent will also preserve the District’s ability, subject in any event to TLDA approval, to incur future debt on a shared lien basis, thereby minimizing interest costs payable by Combined System ratepayers. Approval for these requests is required by provisions set forth in the SRF loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

1. The requestor is a:

Utility District (Plateau Utility District)

Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? Yes No

Municipality (City of Wartburg)

2. Lien Position:

The District is requesting that the TLDA agree that its lien on the revenues of the Combined System be on parity with the liens of the Series 2012 Bonds and Series 2020 Bond.

¹ The Series 2020 Bond debt obligation remaining at 6/30/23 is \$756,028 comprised of \$460,819 principal and \$295,209 interest.

² The Series 2012 Bonds are the District’s Rural Development USDA Revenue Bond, dated October 4, 2011, and its Series 2012 Revenue Bonds, dated December 18, 2012, (collectively, the “Series 2012 Bonds”). The debt obligation remaining at 6/30/23 is \$4,007,625 comprised of \$3,415,292 principal and \$592,333 interest.

___ The borrower is requesting to subordinate its outstanding SRF debt to the proposed debt issuance.

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

3. The purpose of the proposed debt issuance is: N/A

___ Refunding

___ New Money

4. Additional Information:

On April 8, 2019, the City was referred to the Tennessee Board of Utility Regulation (the “TBOUR”) (previously known as the Water and Wastewater Financing Board (the “WWFB”)), for financial distress. On May 10, 2021, the WWFB ordered the City to adopt recommendations of the Tennessee Association of Utility Districts which included increasing wastewater rates³. The WWFB also ordered the City to pursue merger or consolidation opportunities with the District. In accordance with this order, the City entered into an agreement with the District to transfer ownership⁴ of the City’s System to the District where the District will assign and assume any of the City’s remaining outstanding sewer obligations. To help facilitate the merger, the District requested grant funds from the Utility Revitalization Fund, and on October 26, 2023, the TBOUR approved grant funding in the aggregate amount of \$500,000 to retire a portion of the System’s debt obligations and to offset a portion of the District’s operating expenses during the first five years of its ownership and operation of the System. The District has targeted January 1, 2024, as the first day of ownership of the System.

The City is also currently under the jurisdiction of a Director’s Order and Assessment issued by the Tennessee Department of Environment and Conservation (TDEC), Division of Water Resources for violations of the Water Quality Control Act. The Parties entered into an Operations and Maintenance Agreement on June 30, 2021, where the District assumed operational control of the System while the City retained ownership of the system.

5. The debt rating of the borrower is:

Please indicate N/R if not rated.

 N/R Moody’s

 N/R Standard and Poor’s

 N/R Fitch

³ A copy of a contract amendment was provided with the request letter.

⁴ A copy of the City’s resolution authorizing the transfer of assets and assumption of liabilities of the City’s System to the District and a copy of the District’s resolution authorizing the transfer of assets and assumption of liabilities of the City’s System to the District were provided with the request letter.

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

Borrower	Wartburg						
Date	11/1/2023						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @Date	MADS*
Sewer	2005-182	Repayment	\$ 1,155,869	-	-	276,574	\$ 65,196
							\$ 65,196
*MADS is an estimate until final expenses have been determined							
*The City pledges its unobligated state-shared taxes in an amount equal to MADS. Upon transfer, the District will be required to fund a security deposit equal to MADS.							

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

Yes No

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

Yes No

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

The District has timely filed its audited financial statements with the Division of Local Government Audit through the fiscal year ended June 30, 2022, within six months after fiscal year end.

d. Sufficient Revenues [7.(k)]

Yes No

For the fiscal year ended June 30, 2022, the audited financial statements for the combined system (District and City) reflected an operating income (loss) of \$(6,695), and a positive change in net position of \$2,300,973. The statement of cash flows reflected debt service payments of \$491,418, consisting of principal payments of \$360,272 and interest payments of \$131,272.

At June 30, 2022, the combined system reported \$6,145,732 in unrestricted cash and \$730,173 in restricted cash and investments.

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

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

Yes No

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

Most Recent Fiscal Year (m)(3):

The combined system (District and City) debt service coverage ratio was 1.4x for fiscal year 2021 and 2.2x for fiscal year 2022 (as provided by the District). The debt service coverage requirement for fiscal years 2021 and 2022 has been met.

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

The District projects that it will meet the debt service coverage requirement with estimated debt service to net revenue ratios of 2.4, 1.9, and 2.2 for fiscal years 2023, 2024, and 2025, respectively, for the combined system.

f. Is the entity currently under the jurisdiction of the Tennessee Board of Utility Regulation (TBOUR)?

[7.(n)]

Yes No (the District)

**Note: The City had been under the oversight of TBOUR for financial distress, and is merging with the District.

If yes, reason for referral: Water Loss Financial Distress Administrative Review

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

8. Annual Budget Oversight

Pursuant to state law, local governments are required to adopt a balanced annual budget and submit the budget to the Division of Local Government Finance (LGF) for approval.

Is the local government in compliance? Yes No

If not in compliance, has LGF granted a waiver to allow the local government to issue this debt?

Yes No

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

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

10. Conclusion

Based on our analysis, it appears the District meets the TLDA’s criteria to assume the City’s SRF Loan on parity with the Series 2012 Bonds and Series 2020 Bond with an updated security of the Combined System. Considering staff’s analysis and the orders of the TBOUR and the TDEC, staff recommends the approval of these requests.

Attachments:

- Assignment, Assumption, and Termination Agreement
- Request Letter
- City Resolution
- Department of Corrections Contract, as Amended
- District Resolution
- Debt Service Coverage and Financial Projections provided by the District
- Waiver of Opinion Letter

PLATEAU UTILITY DISTRICT
ASSIGNMENT, ASSUMPTION, AND TERMINATION AGREEMENT

This is an Assignment, Assumption, and Termination Agreement (this "Agreement") by and among the City of Wartburg (the "City"), Plateau Utility District ("PUD"), the Department of Environment and Conservation (the "Department"), and the Tennessee Local Development Authority (the "Authority").

WHEREAS, the City borrowed funds from the wastewater facilities revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, as amended, which loan is evidenced by a loan agreement, SRF 2005-182, (the "Original Agreement") in the original principal amount of \$1,162,000 entered into on or about March 31, 2005, by and among the City, the Department, and the Authority and the outstanding balance of which is referred to as the "Outstanding Indebtedness" (See Exhibit A, new loan agreement); and

WHEREAS, the City , after completing the funded project's construction, but prior to paying off the total Outstanding Indebtedness, has decided to transfer its wastewater treatment and distribution and collection facilities to PUD, a public utility district created pursuant to the Utility District Law of 1937, Tenn. Code Ann. §§ 7-82-101 to -113, subject to satisfaction of conditions precedent to closing; and

WHEREAS, PUD assumes the Outstanding Indebtedness, and the Department and the Authority are willing to agree to such assumption on the conditions that the Original Agreement be terminated and that PUD enter into a new loan agreement (the "New Loan Agreement") with the Department and the Authority to replace the Original Agreement;

THEREFORE, in consideration of the previous, the parties agree as follows:

1. The City hereby assigns all of its rights, title, and interest in the Outstanding Indebtedness to PUD.
2. PUD hereby assumes the Outstanding Indebtedness of the City and, as a condition thereof, PUD agrees that it will enter into the New Loan Agreement and that the terms and conditions of the New Loan Agreement shall be the same as those contained in the draft loan agreement attached as Exhibit A.
3. PUD agrees to be subject to the jurisdiction of the Tennessee Board of Utility Regulation created pursuant to Tennessee Code Annotated Title 7, Chapter 82.
4. The Department and the Authority hereby release the City from liability for the Outstanding Indebtedness and terminate the Original Agreement.
5. This Agreement shall not be effective until such time as each of the following events shall have occurred:

- i. This Agreement has been executed by all parties hereto.
 - ii. PUD has furnished evidence satisfactory to the Department and to the Authority that the City's wastewater system has been transferred to PUD.
 - iii. PUD has complied with all terms and conditions of the New Loan Agreement and the New Loan Agreement has been executed by all parties thereto.
6. This Agreement may be executed in one or more counterparts, each of which shall be treated as an original.

[Signature page follows]

By: Phil Vespie

CITY OF WARTBURG

Its: Mayor Wartburg

Date: 12-8-23

By: John H. ...

PLATEAU UTILITY DISTRICT

Its: President

Date: 12/08/23

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

By: _____

Its: _____

Date: _____

DEPARTMENT OF ENVIRONMENT AND CONSERVATION

By: _____

Its: _____

Date: _____

**REPRESENTATION OF
LOANS AND SECURITY DEPOSIT
PLATEAU UTILITY DISTRICT
SRF 2005-182**

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 that have been funded or approved to the City of Wartburg for which the Plateau Utility District will assume upon TLDA approval and will pledge its revenues are as follows:

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer	SRF 2005-182	\$1,155,869	\$0	\$65,196

*The loan was originally approved for \$1,162,000 and final expenses totaled \$1,155,869.

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

The total required security deposit(s) for previously approved SRF loan(s) is \$65,196.

- 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					

The total anticipated security deposit(s) for the proposed loan(s) is \$0.

- c. The total MADS (a+b) is \$65,196.

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 8th day of December, 2023.

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

LOCAL GOVERNMENT

BY:



John Davis, President of Plateau Utility District

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)
PLATEAU UTILITY DISTRICT
SRF 2005-182

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


John Davis, President of Plateau Utility District

12/08/23
Date

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

PLATEAU UTILITY DISTRICT

PHONE: 423-346-3101
407 ELIZA STREET
P.O. BOX 407
WARTBURG, TN 37887
FAX: 423-346-7833

MIKE MCGRATH, PRESIDENT
ELIZABETH BEARD, SECRETARY
JOHN DAVIS, MEMBER
ALBERT LANE, MEMBER
REAGAN WILLIAMS, MEMBER

November 1, 2023

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

Ms. Sandra Thompson, Assistant Secretary
Tennessee Local Development Authority
Cordell Hull Building
425 Rep. John Lewis Way North
Nashville, Tennessee 37243

RE: Plateau Utility District–Transfer of SRF Loan from City of Wartburg to Plateau Utility District

Dear Sandi:

Plateau Utility District of Morgan County, Tennessee (the “District”) would like to complete the transfer of the assets and liabilities of the City of Wartburg’s (the “City”) sewer system (the “System”) to the District by January 1, 2024. A copy of the City Resolution authorizing the transfer of assets and assumption of liabilities of the City’s System to the District is attached hereto as Exhibit A. A copy of the District Resolution authorizing the transfer of assets and assumption of liabilities of the City’s System to the District is attached hereto as Exhibit B.

The City is party to one State Revolving Fund Loan Agreement, SRF 05-182, payable from revenues of the City’s System (the “SRF Loan”). The City and the District wish to assign the SRF Loan from the City to the District and update its pledged security to a combined water and wastewater system (the “Combined System”) revenue pledge of the District, and we hereby request your approval thereof. The City and the District are prepared to provide the Tennessee Local Development Authority (the “TLDA”) any information it needs to assess this request, and to approve and execute any documents required by the TLDA to effectuate the assignment of the SRF Loan to the District.

As you know, on April 8, 2019, the City was referred to the Tennessee Water and Wastewater Financing Board (the “WWFB”) as a financially distressed wastewater system, and on May 10, 2021, the WWFB ordered the following relevant items:

- By June 30, 2021, Wartburg shall adopt all recommendations of the March 2021 TAUD report; such report included increased wastewater rates.
- Wartburg shall continue to explore merger or consolidation possibilities with Plateau Utility District.

The City is also currently under the jurisdiction of a Director’s Order and Assessment issued by the Tennessee Department of Environment and Conservation, Division of Water Resources for violations of the Water Quality Control Act. The District and the City entered into an Operations and Maintenance Agreement on June 30, 2021 whereby the District assumed operational control of the System while the City retained ownership of said system. The Tennessee Board of Utility Regulation, at its meeting on October

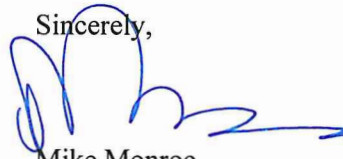
26, 2023, approved a grant of funds from its Utility Revitalization Fund in the aggregate amount of \$500,000 to retire a portion of the City System's debt obligations and to offset a portion of the District's operating expenses during the first five years of its ownership and operation of the System.

In addition to the assignment of the SRF Loan, the City will also assign its Series 2020 Revenue Bond (the "Series 2020 Bond") to the District with an updated security of revenues of the District's Combined System. The District currently has outstanding its Rural Development USDA Bond, dated October 4, 2011, and its Series 2012 Revenue Bonds, dated December 18, 2012 (the "Series 2012 Bonds"). In order to obtain the most favorable rates of interest on any future issuance of District Combined System debt obligations and to provide a fair offer to the City's loan holders, the District proposes that the SRF Loan and the Series 2020 Bond be assigned on parity with the District's Series 2012 Bonds. To that end, we hereby request:

- (1) that the TLDA consent to the SRF Loan being payable from and secured by a pledge of the revenues of the Combined System as a whole, as opposed to a pledge of the revenues of only the water system or only the sewer system; and
- (2) that the TLDA agree that its lien on the revenues of the Combined System be on parity with the liens in favor of the Series 2012 Bonds and the Series 2020 Bond.

We believe that the TLDA's consent to these requests is in the public interest insofar as it will facilitate the transfer of the System from the City to the District, which the City has determined to be in the best interest of its citizens. We also believe that the TLDA's consent to these requests is in the public interest insofar as it will preserve the District's ability, subject in any event to TLDA approval, to incur future debt on a shared lien basis, thereby minimizing interest costs payable by Combined System ratepayers. (We understand that under applicable State guidelines, all future debt of the District must be first approved by the TLDA.)

The District's current and pro forma debt service coverage is attached as Exhibit C. The District will meet on December 8, 2023, to finalize any remaining approvals for the proper transfer of the System to the District. The District has targeted January 1, 2024 as the first day of ownership of the System. Due to this timeframe, I respectfully ask that the TLDA consider this request as soon as possible. If you need further information, please contact me at mmonroe@plateauutility.com or (423) 319-7791. Thank you for your consideration of this request.

Sincerely,

Mike Monroe
General Manager
Plateau Utility District

Cc: Jeff Oldham (joldham@bassberry.com)
Betsy Knotts (betsy.knotts@bassberry.com)

EXHIBIT A

City Resolution

(See attached)

A RESOLUTION AUTHORIZING THE TRANSFER, SUBJECT TO CERTAIN CONDITIONS, OF THE WASTEWATER TREATMENT AND COLLECTIONS SYSTEM OF THE CITY OF WARTBURG, TENNESSEE TO THE PLATEAU UTILITY DISTRICT OF MORGAN COUNTY, TENNESSEE; AND AUTHORIZING THE ASSIGNMENT OF THE CONTRACT COMMENCING NOVEMBER 1, 2004, AND AMENDED ON FEBRUARY 1, 2022, BETWEEN THE STATE'S DEPARTMENT OF CORRECTIONS AND THE CITY OF WARTBURG, TENNESSEE, TO PLATEAU UTILITY DISTRICT OF MORGAN COUNTY.

WHEREAS, the Board of Mayor and Aldermen of the City of Wartburg, Tennessee (the "Municipality") has determined that it is necessary and advisable to transfer its wastewater treatment and collections system (the "System") to the Plateau Utility District of Morgan County, Tennessee, (the "District") subject to certain conditions; and

WHEREAS, the Board of Mayor and Aldermen of the City of Wartburg, Tennessee (the "Municipality"), in conjunction with the transfer of the System, must formally assign to the District the contract, which originally commenced on November 1, 2004, and was amended on February 1, 2022, between the State's Department of Corrections and the Municipality, (the "Contract"), a copy of which is attached hereto as Exhibit A;

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Wartburg, Tennessee, as follows:

Section 1. Authority. The Municipality is authorized to transfer its System to the District pursuant to Section 7-34-104(a)(3), Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Conditions. The Municipality hereby transfers its System to the District subject to the following conditions (i) District must receive approval of a grant from the State of Tennessee's Utility Revitalization Fund, be in agreement with the amount funds granted, and be in actual receipt of such funds prior to the closing on the transfer of the Municipality's System; (ii) District shall use such grant funds for operating expenses or to pay off all or a portion of the Municipality's outstanding sewer debt obligations; and (iii) District shall take all steps and execute all documents and agreements to assign and assume any remaining outstanding sewer debt obligations of the Municipality.

Section 3. Assumption. The District, after the conditions in Section 2 are met, is obligated to assume and operate the System for the benefit of its customers, a copy of the District's Resolution Authorizing Acceptance of Transfer of the System is attached as Exhibit B.

Section 4. Contract Assignment. The Municipality hereby assigns its rights and obligations under the Contract to the District upon the closing date of the transfer of the System as described in Section 2 above.

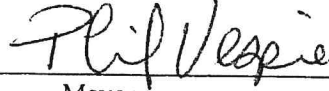
Section 5. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 6. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

[signature page follows]

Adopted and approved this 18 day of ~~September~~ 2023.

CITY OF WARTBURG, TENNESSEE



Mayor

ATTEST:



City Recorder

STATE OF TENNESSEE)

COUNTY OF MORGAN)

I, Susan Matheson hereby certify that I am the duly qualified and acting City Recorder of the City of Wartburg, Tennessee (the "Municipality") and, as such official, I further certify as follows: (1) that attached hereto is a true, correct and complete copy of a resolution adopted by the Board of Mayor and Aldermen of the Municipality at its September, 2023 meeting; and (2) that a quorum of the members of the Board of Mayor and Aldermen was present and acting throughout said meeting.

WITNESS my official signature and the seal of the Municipality, this 18 day of Sept., 2023.

Susan Matheson
City Recorder

(SEAL)



Exhibit A

Department of Corrections Contract, as Amended

**CONTRACT
BETWEEN THE STATE OF TENNESSEE
DEPARTMENT OF CORRECTION
AND
THE CITY OF WARTBURG, TENNESSEE**

This Contract, by and between the State of Tennessee, Department of Correction, hereinafter referred to as the "State" and the City of Wartburg, Tennessee, hereinafter referred to as the "Contractor," is for the provision of wastewater treatment, as further defined in the "SCOPE OF SERVICES."

Whereas, the State is expanding the existing prison facility in the Wartburg, Tennessee area; and

Whereas, the construction will create increased demands upon the utility systems of the Contractor; and,

Whereas, due to the increased demands for wastewater treatment, the present utility system of the Contractor is insufficient to service the needs of the State; and,

Whereas, the Contractor proposes to expand and/or upgrade its wastewater treatment system to the extent necessary to satisfy the needs of the State and to complete the process of making adequate wastewater treatment service available; and

Whereas, the State of Tennessee has provided a \$1,900,000 grant to assist the Contractor with its utility improvements;

Now, therefore, in consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this contract according to the following provisions:

A. SCOPE OF SERVICES:

- A.1. Wastewater Treatment. The Contractor shall treat wastewater generated at the prison that conforms to the sewer use ordinance of the Contractor. The State agrees to deliver wastewater at a rate that will not create an adverse hydraulic condition within the existing pipe system and to comply with the Contractor's sewer use ordinance.
- A.2. The Contractor shall provide service connection points to the State without charging tap fees or capacity fees.
- A.3. The Contractor shall bill the State monthly for treatment services based on meter readings provided with the billing.
- A.4. The Contractor shall daily service and inspect the lift station located at the facility to perform routine service and maintenance, including clean the bar screen and remove the screenings.

In the event major maintenance or repairs are required to pumps, motors, or components thereof, the Contractor will notify facility maintenance staff of the need and is authorized to repair or replace said parts to maintain satisfactory operation of the lift station. The State will reimburse the Contractor for the reasonable, actual cost of necessary repairs to the lift station. All goods and services shall be procured on a competitive basis in accordance with the contractor's established purchasing procedures and applicable statutes and ordinances.

The Contractor will attach copies of invoices incurred to properly maintain the lift station to the next bill for sewer services.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on November 1, 2004, and ending on October 31, 2024. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Sewer Rates.

- C.1.a. Beginning upon the date at which the Contractor begins receiving wastewater from the State's facility and continuing for four (4) years from that date, the Contractor shall be compensated as follows:

- (1) Fixed rate of \$14,500 per month for up to 350,000 gallons per day of wastewater flow, and
- (2) \$1.38 per thousand gallons for wastewater flow in excess of 350,000 gallons per day.

- C.1.b. After the initial four- (4) year period, sewer rates may be adjusted no more often than every two (2) years. Any increase shall be limited to the lesser of:

- (1) the previous two calendar years' increase in the Consumer Price Index – All Urban Consumers (CPI-U), U.S. City Average for all Items, published by the United States Department of Labor, Bureau of Labor Statistics, or
- (2) the actual percent increase in the cost of wastewater treatment to inside the city — limit, residential customers.

- C.2. Entire Compensation. Except for reimbursement of the actual cost of repairs to the lift station (described in section A. 4), the Sewer Rates in Section C.1 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

- C.3. Payment Methodology. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Invoices for water and sewer shall be submitted to:

Brushy Mountain Correctional Complex
500 Flat Fork Road
Wartburg, TN 37887

- C.4. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

- C.5. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.6. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.7. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.
- D. STANDARD TERMS AND CONDITIONS:
- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. Beginning four (4) years after the commencement date of the contract, defined in Section B.1, the State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least sixty (60) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.).

Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor 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 Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create a employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being a Tennessee governmental entity, is governed by the provisions of the Tennessee Government Tort Liability Act, *Tennessee Code Annotated*, Sections 29-20-101 *et seq.*, for causes of action sounding in tort. Further, no contract provision requiring a Tennessee political entity to indemnify or hold harmless the State beyond the liability imposed by law is enforceable because it appropriates public money and nullifies governmental immunity without the authorization of the General Assembly. However, as a condition of entering into this Contract with the State, the Contractor agrees to carry and

produce proof thereof, adequate professional malpractice liability insurance on the Contractor's professional employees who perform any professional services under this Contract.

- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under ***Tennessee Code Annotated***, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- E. SPECIAL TERMS AND CONDITIONS:
 - E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
 - E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:
Quenton I. White, Commissioner
Department of Correction
4th Floor, Rachel Jackson Building
320 Sixth Avenue North
Nashville, Tennessee 37243-0465
Telephone: 615-741-1000
Fax: 615-532-8281

The Contractor:
Joey Williams, Mayor
P. O. Box 386
Wartburg, Tennessee 37887
Telephone: 423-346-6099
Fax: 423-346-2262

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

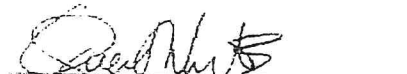
IN WITNESS WHEREOF:

CITY OF WARTBURG, TENNESSEE:


Joey Williams, Mayor

10/19/04
Date

DEPARTMENT OF CORRECTION


Quenton I. White, Commissioner

11/05/04
Date

**AMENDMENT TO CONTRACT BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CORRECTIONS AND THE CITY OF WARTBURG, TENNESSEE**

WHEREAS, the State of Tennessee, Department of Corrections (“State”) entered into a Contract with the City of Wartburg, Tennessee (“Contractor”) for the provision of wastewater treatment services, commencing on November 1, 2004 and ending on October 31, 2024 (the “Contract”); and

WHEREAS, pursuant to Tennessee Code Annotated § 7-35-414, the Contractor is obligated by statute to adjust its rates and charges “so as to provide funds sufficient to pay all reasonable expenses of operation, repair, and maintenance, provide for a sinking fund for payment of principal and interest of bonds when due, and maintain an adequate depreciation account, and the rates and charges may be readjusted as necessary from time to time by amendment to the ordinance establishing the rate then in force”; and

WHEREAS, on or about March 31, 2021, the Tennessee Association of Utility Districts (“TAUD”), through its subsidiary Tennessee Utility Assistance LLC, issued a report on the financial distress and viability of the wastewater treatment system of the Contractor (the “TAUD Report”), finding that the rates and charges under the Contract were insufficient to meet the statutory obligations of the Contractor, with recommendations regarding changes to the rates charged by the Contractor under the Contract in order to place it in compliance with Tennessee Code Annotated § 7-35-414; and

WHEREAS, the TAUD Report recommended the Contractor increase the rate that it charges the State for wastewater treatment services to \$39,707 per month up to 7,000,000 gallons, and to \$5.52 per 1,000 gallons over 7,000,000 gallons; and

WHEREAS, by Order dated May 10, 2021, the Tennessee Water and Wastewater Financing Board (“Board”) ordered the Contractor to implement the recommendations in the TAUD Report, including adoption of the recommended rate structure, and ordered the Contractor to comply with the Order by June 30, 2021,; and

WHEREAS, a separate report prepared by TAUD in March, 2021, discussed the acquisition of the wastewater systems of the City of Sunbright and the Contractor by the Plateau Utility District (the “Acquisition Report”) and recommended a flat sewer rate for up to 7,000,000 gallons of \$45,676 per month in the event the Contractor was acquired by Plateau Utility District; and

WHEREAS, even though the recommended rate from the Acquisition Report was not mandated by the Board, as an inducement for PUD to acquire its wastewater treatment system, the Contractor adopted the higher rate for acquisition of the system by PUD, enacted an ordinance with publication of notice regarding the new rates, effective July 1, 2021, and issued invoices to its customers, including to the State under the Contract; and

WHEREAS, both State and the Contractor desire to amend the rate provisions of the Contract in order to comply with Tennessee Code Annotated § 7-35-414 and the Board’s Order, and in the spirit of good faith and cooperation desire to proactively adopt the recommended rates from the Acquisition Report.

NOW THEREFORE, in accordance with section D.2 of the Contract, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the State and the Contractor agree to the following terms and conditions of Amendment to the Contract as follows:

1. Section C.1. of the Contract is deleted and substituted in its place is the following:

C.1.a Beginning on February 1, 2022 and continuing through and including October 31, 2022, the Contractor shall be compensated at the following sewer rates per month:

Flat rate up to 7,000,000 gallons	\$45,676
Over 7,000,000 gallons	\$5.52 per 1,000 gallons

C.1.b Following November 1, 2022 through the term of the Contract on October 31, 2024, rates may be adjusted no more than every eighteen (18) months subject to the notice provisions of paragraph C.1.c herein below, calculated using the following formula:

Step 1: Utilizing the most recent complete fiscal year consumption data from billing records, evaluate residential consumption data in 1,000-gallon increments to determine the maximum consumption category of 99% of the residential customers.

Step 2: Calculate the Effective Rate of residential customers within each 1,000-gallon consumption category beginning at a consumption of 1001-2000 gallons per month and ending with the consumption category representing the maximum monthly consumption category of 99% of the residential customers.

Maximum Monthly Bill Within Consumption Category (\$)/Maximum Monthly Consumption Within Consumption Category x 1,000 = Consumption Category Effective Rate (\$/1000 gallons)

Step 3: Calculate the Weighted Average Effective Rate within each 1,000-gallon consumption category beginning at a consumption 1001-2000 gallons per month and ending with the consumption category representing the maximum monthly consumption category of 99% of the residential customers.

Consumption Category Effective Rate x Consumption Category Percentage of Customers = Consumption Category Weighted Average Effective Rate (\$/gallons)

Step 4: Total the Weighted Average Effective Rate of each consumption category beginning at consumption category 1001-2000 gallons per month and ending with the consumption category representing the maximum monthly consumption category of 99% of the residential customers; this number represents the Total Weighted Average Effective Rate.

Step 5: Calculate the State monthly sewer bill by dividing the applicable rate by 1,000 gallons and then multiplying the monthly consumption of the State, such

applicable rate not to exceed the Total Weighted Average Effective Rate calculated in Step 4 above.

- C.1.c Any increase pursuant to section C.1.b shall be communicated to the State at least six (6) months in advance of the increase taking effect to allow the State to request sufficient funds be allocated in its budget to cover the anticipated increase.
- C.1.d Upon execution, the State further agrees to pay, in a lump sum payment, the balances due under the invoices received from the Contractor for increased rates from July 1, 2021 through the January 31, 2022 at \$25,676 per month for an addition of \$179,732, but this amount shall not include any late fee penalties or other charges heretofore assessed.
- C.1.e The State shall be liable for additional surcharge fees as may be applicable to dischargers of high strength waste as specified in Ordinance No. 354-09 of the Contractor.

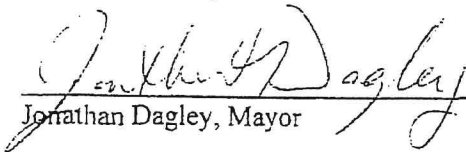
2. Execution of this Amendment to Contract by the State shall constitute the prior written approval pursuant to section D.5 herein of the management agreement between the Contractor and PUD, dated July 1, 2021, under which PUD agreed to manage the wastewater treatment system for the Contractor. In the event the Contractor transfers the wastewater treatment system to PUD in accordance with the Order, during the remaining term of the Contract, execution of this Amendment to Contract shall likewise constitute the written approval of assignment of the Contract, as amended, pursuant to section D.5.

3. Required Approvals: The State is not bound by this Amendment until it is signed by the contracting parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

4. Amendment Effective Date. The revisions set forth herein shall be effective February 1, 2022. All other terms and conditions of the Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

City of Wartburg, Tennessee:


Jonathan Dagley, Mayor _____ Date 1/10/2022

State of Tennessee Department of Correction


Lisa Helton, Interim Commissioner _____ Date 1/11/2022



Phil Vespie, Mayor

*Courtney Griffin
City Recorder*

*Earl R. Bales
Chief of Police*

*Craig Mathis
Public Works*

*Wendell Laughter
Alderman*

*Bacel Gunter
Alderman*

February 1, 2023

Commissioner Frank Strada
Tennessee Department of Correction
Rachel Jackson Building, Sixth Floor
Nashville, TN 37243-0465

Commissioner Strada,

Please be advised that in accordance with Section C.1.c of the Amendment to Contract Between the State of Tennessee, Department of Corrections and the City of Wartburg (hereinafter "the Contract"), fully executed on January 11, 2022, you are hereby provided six (6) months advance notice of a wastewater rate increase for the Morgan County Correctional Complex (MCCX), voted upon and approved by the governing body of the City of Wartburg during their regularly scheduled January 2023 meeting. This wastewater rate increase will become effective on the first billing cycle following July 31, 2023.

The existing wastewater rates provided below are as specified in Section C.1.a of the Contract and the future wastewater rates provided below have been calculated using the formula specified in Section C.1.b of the Contract. Existing and future rates are as follows:

Monthly Usage	Existing Rate	Future Rate
Flat rate up to 7,000,000 gallons per month	\$45,676 per month	\$60,970 per month
Over 7,000,000 gallons per month	\$5.52 per 1,000 gallons	\$8.71 per 1,000 gallons

The spreadsheet attached hereto was utilized to ensure compliance with the requirements of Section C.1.b. Said spreadsheet demonstrates the following:

1. The residential wastewater consumption data for the most recent completed fiscal year (i.e., July 1, 2021 to June 30, 2022); as required by Step 1 of Section C.1.b of the Contract.
2. The effective rate for both the existing and future wastewater rates; as required by Step 2 of Section C.1.b of the Contract.
3. The weighted average effective rate for both the existing and future wastewater rates; as required by Step 3 of Section C.1.b of the Contract.

4. The total weighted average effective rate for both the existing and future wastewater rates; as required by Step 4 of Section C.1.b of the Contract.


Utilizing the monthly usage categories specified in Section C.1.a of the Contract and the information derived from Steps 1 through 4 of Section C.1.b of the Contract, the future wastewater rates for the MCCX calculated in accordance with Step 5 of Section C.1.b of the Contract are as follows:

- Flat rate up to 7,000,000 gallons per month = $(\$8.71/1,000) \times 7,000,000 = \$60,970$
- Over 7,000,000 gallons per month = \$8.71 per each additional 1,000 gallons

These rates will become effective on the first billing cycle following July 31, 2023.

In addition to the spreadsheet previously referenced herein, I have attached a fully executed copy of the Contract for your review. If you have any questions regarding the information contained herein or attached hereto, please contact Mike Monroe by email at mmonroe@plateauutility.com or by telephone at 423-319-7791.

Kind Regards,



Phil Vespie
Mayor
City of Wartburg

Cc: Mike Monroe, Plateau Utility District

RAW DATA FROM BILLING SOFTWARE - TIME PERIOD 07/01/2021 TO 06/30/2022
(MOST RECENT COMPLETE FISCAL YEAR)

Usage Bracket			Number of Accounts	Number of Services	Number of Readings	Total Usage
0	To	0	66	66	196	0
1	To	1,000	199	199	863	552,200
1,001	To	2,000	236	236	1,094	1,683,600
2,001	To	3,000	228	228	892	2,245,500
3,001	To	4,000	191	191	666	2,361,400
4,001	To	5,000	140	140	371	1,673,600
5,001	To	6,000	90	90	225	1,235,800
6,001	To	7,000	51	51	103	670,400
7,001	To	8,000	34	34	56	420,300
8,001	To	9,000	20	20	27	230,200
9,001	To	10,000	16	16	18	170,600
10,001	To	11,000	11	11	15	156,600
11,001	To	12,000	0	0	0	0
12,001	To	13,000	2	2	2	24,200
13,001	To	14,000	6	6	7	94,100
14,001	To	15,000	1	1	1	14,300
15,001	To	16,000	3	3	3	46,200
16,001	To	17,000	1	1	1	16,600
17,001	To	18,000	2	2	2	35,000
18,001	To	19,000	2	2	2	37,200
19,001	To	20,000	2	2	2	39,100
Greater than 20,000			10	10	24	3,274,300
			1,311	1,311	4,570	14,981,200

CALCULATIONS (STEPS 1 THROUGH 4)

Percent Customers	Cumulative Percent Customers	Existing Rate	Existing Bill	Effective Rate	Weighted Average Effective Rate	Proposed Rate	Proposed Bill	Effective Rate	Weighted Average Effective Rate
4.3%	4.3%	\$ 23.50	\$ 23.50			\$ 25.00	\$ 25.00		
18.9%	23.2%	\$ -	\$ 23.50			\$ -	\$ 25.00		
23.9%	47.1%	\$ -	\$ 23.50	\$ 11.75	\$ 2.81	\$ 1.00	\$ 26.00	\$ 13.00	\$ 3.11
19.5%	66.6%	\$ 8.50	\$ 32.00	\$ 10.87	\$ 2.08	\$ 8.50	\$ 34.50	\$ 11.50	\$ 2.24
14.6%	81.2%	\$ 8.50	\$ 40.50	\$ 10.13	\$ 1.48	\$ 8.50	\$ 43.00	\$ 10.75	\$ 1.57
8.1%	89.3%	\$ 8.50	\$ 49.00	\$ 9.80	\$ 0.80	\$ 8.50	\$ 51.50	\$ 10.30	\$ 0.84
4.9%	94.2%	\$ 8.50	\$ 57.50	\$ 9.58	\$ 0.47	\$ 8.50	\$ 60.00	\$ 10.00	\$ 0.49
2.3%	96.5%	\$ 8.50	\$ 66.00	\$ 9.43	\$ 0.21	\$ 8.50	\$ 68.50	\$ 9.79	\$ 0.22
1.2%	97.7%	\$ 8.50	\$ 74.50	\$ 9.31	\$ 0.11	\$ 8.50	\$ 77.00	\$ 9.63	\$ 0.12
0.6%	98.3%	\$ 8.50	\$ 83.00	\$ 9.22	\$ 0.05	\$ 8.50	\$ 85.50	\$ 9.50	\$ 0.06
0.4%	98.7%	\$ 8.50	\$ 91.50	\$ 9.18	\$ 0.04	\$ 8.50	\$ 94.00	\$ 9.40	\$ 0.04
0.3%	99.0%	\$ 8.50	\$ 100.00	\$ 9.09	\$ 0.03	\$ 8.50	\$ 102.50	\$ 9.32	\$ 0.03
0.0%	99.0%	\$ 8.50	\$ 108.50			\$ 8.50	\$ 111.00		
0.0%	99.1%	\$ 8.50	\$ 117.00			\$ 8.50	\$ 119.50		
0.2%	99.2%	\$ 8.50	\$ 125.50			\$ 8.50	\$ 128.00		
0.0%	99.3%	\$ 8.50	\$ 134.00			\$ 8.50	\$ 136.50		
0.1%	99.3%	\$ 8.50	\$ 142.50			\$ 8.50	\$ 145.00		
0.0%	99.3%	\$ 8.50	\$ 151.00			\$ 8.50	\$ 153.50		
0.0%	99.4%	\$ 8.50	\$ 159.50			\$ 8.50	\$ 162.00		
0.0%	99.4%	\$ 8.50	\$ 168.00			\$ 8.50	\$ 170.50		
0.0%	99.5%	\$ 8.50	\$ 176.50			\$ 8.50	\$ 179.00		
0.5%	100.0%	\$ 8.50				\$ 8.50	\$ 9.00		

Exhibit B

Resolution of the District Authorizing Acceptance of Transfer of System

35500938.3

**RESOLUTION BY THE GOVERNING BODY OF
PLATEAU UTILITY DISTRICT**

**Authorizing the Acceptance of the Transfer of the City of Wartburg Wastewater Treatment and
Collections System Subject to Certain Conditions and Authorizing the Filing of Supplemental
Petitions to the Morgan County Executive and the Tennessee Board of Utility Regulation for the
Purpose of Providing Wastewater Service**

WHEREAS, Plateau Utility District is a political subdivision of the State of Tennessee located in Morgan County, Tennessee; and

WHEREAS, Plateau Utility District is a utility district organized under the laws of the State of Tennessee and originally created pursuant to an Order of the County Court of Morgan County, Tennessee, entered on December 8, 1951; and

WHEREAS, Plateau Utility District and the City of Wartburg have agreed to the transfer of ownership of the City of Wartburg wastewater treatment and collection systems to Plateau Utility District; and

WHEREAS, T.C.A. § 7-82-302(e)(1) authorizes utility districts incorporated before July 1, 1967, to furnish only the services being furnished on July 1, 1967; and

WHEREAS, Plateau Utility District, since its creation in 1951, has only provided water services; and

WHEREAS, T.C.A. § 7-82-302(e)(1) requires that supplemental petitions for authority to furnish services other than those being furnished on July 1, 1967, may be addressed to the county mayor, who shall give notice and hold hearings on such petitions in the same manner, on the same issues, and under the same conditions as for original incorporation; and

WHEREAS, T.C.A. § 7-82-302(e)(2) requires the simultaneous filing of a supplemental petition for authority to furnish services other than those being furnished on July 1, 1967, with the Tennessee Board of Utility Regulation, but such filing is not subject to approval or disapproval by the Tennessee Board of Utility Regulation.


NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Plateau Utility District as follows:

Section 1. The Board hereby authorizes its acceptance of the transfer of the City of Wartburg's wastewater treatment and collections system subject to the following conditions: (i) Plateau Utility District must receive approval of a grant from the State of Tennessee's Utility Revitalization Fund, be in agreement with the amount funds granted, and be in actual receipt of such funds prior to the closing on the transfer of the City of Wartburg's wastewater treatment and collections system; (ii) Plateau Utility District shall use such grant funds for operating expenses or to pay off all or a portion of the City of Wartburg's outstanding sewer debt obligations; and (iii) Plateau Utility District shall take all steps and execute all documents and agreements to assign and assume any remaining City of Wartburg outstanding sewer debt obligations.

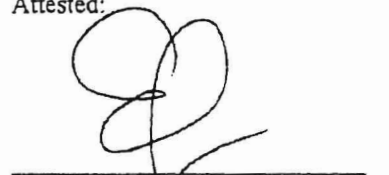
Section 2. The Board hereby authorizes the filing of a supplemental petition to furnish wastewater services with the Tennessee Board of Utility Regulation and the filing of a supplemental petition with the Morgan County Executive requesting authorization to provide wastewater treatment and collection services within and without the City of Wartburg wastewater service area.

Duly passed and adopted by the Board of Commissioners this 11TH day of AUGUST, 2023.

Signed:


John Davis
President, Board of Commissioners

Attested:


Elizabeth Beard
Secretary, Board of Commissioners

35250654.2

EXHIBIT B

District Resolution

(See attached)

**RESOLUTION BY THE GOVERNING BODY OF
PLATEAU UTILITY DISTRICT**

**Authorizing the Acceptance of the Transfer of the City of Wartburg Wastewater Treatment and
Collections System Subject to Certain Conditions and Authorizing the Filing of Supplemental
Petitions to the Morgan County Executive and the Tennessee Board of Utility Regulation for the
Purpose of Providing Wastewater Service**

WHEREAS, Plateau Utility District is a political subdivision of the State of Tennessee located in Morgan County, Tennessee; and

WHEREAS, Plateau Utility District is a utility district organized under the laws of the State of Tennessee and originally created pursuant to an Order of the County Court of Morgan County, Tennessee, entered on December 8, 1951; and

WHEREAS, Plateau Utility District and the City of Wartburg have agreed to the transfer of ownership of the City of Wartburg wastewater treatment and collection systems to Plateau Utility District; and

WHEREAS, T.C.A. § 7-82-302(e)(1) authorizes utility districts incorporated before July 1, 1967, to furnish only the services being furnished on July 1, 1967; and

WHEREAS, Plateau Utility District, since its creation in 1951, has only provided water services; and

WHEREAS, T.C.A. § 7-82-302(e)(1) requires that supplemental petitions for authority to furnish services other than those being furnished on July 1, 1967, may be addressed to the county mayor, who shall give notice and hold hearings on such petitions in the same manner, on the same issues, and under the same conditions as for original incorporation; and

WHEREAS, T.C.A. § 7-82-302(e)(2) requires the simultaneous filing of a supplemental petition for authority to furnish services other than those being furnished on July 1, 1967, with the Tennessee Board of Utility Regulation, but such filing is not subject to approval or disapproval by the Tennessee Board of Utility Regulation.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Plateau Utility District as follows:

Section 1. The Board hereby authorizes its acceptance of the transfer of the City of Wartburg's wastewater treatment and collections system subject to the following conditions: (i) Plateau Utility District must receive approval of a grant from the State of Tennessee's Utility Revitalization Fund, be in agreement with the amount funds granted, and be in actual receipt of such funds prior to the closing on the transfer of the City of Wartburg's wastewater treatment and collections system; (ii) Plateau Utility District shall use such grant funds for operating expenses or to pay off all or a portion of the City of Wartburg's outstanding sewer debt obligations; and (iii) Plateau Utility District shall take all steps and execute all documents and agreements to assign and assume any remaining City of Wartburg outstanding sewer debt obligations.

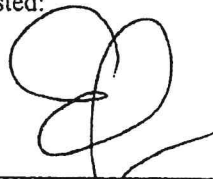
Section 2. The Board hereby authorizes the filing of a supplemental petition to furnish wastewater services with the Tennessee Board of Utility Regulation and the filing of a supplemental petition with the Morgan County Executive requesting authorization to provide wastewater treatment and collection services within and without the City of Wartburg wastewater service area.

Duly passed and adopted by the Board of Commissioners this 11TH day of AUGUST, 2023.

Signed:


John Davis
President, Board of Commissioners

Attested:


Elizabeth Beard
Secretary, Board of Commissioners

35250654.2

EXHIBIT C

Debt Service Coverage

(See attached)

36654207.1

	AUDITED									FORECAST								
	2020-2021			2021-2022			2022-2023			2023-2024			2024-2025			2025-2026		
	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined
Operating Revenue	\$ 4,005,689	\$ 579,370	\$ 4,585,059	\$ 4,096,829	\$ 993,501	\$ 5,090,330	\$ 4,556,368	\$ 998,803	\$ 5,555,171	\$ 4,600,000	\$ 1,063,961	\$ 5,663,961	\$ 4,784,000	\$ 1,193,430	\$ 5,977,430	\$ 4,975,360	\$ 1,302,810	\$ 6,278,170
Operating Expenses	\$ 2,922,907	\$ 969,856	\$ 3,892,763	\$ 3,266,512	\$ 745,107	\$ 4,011,619	\$ 3,754,575	\$ 625,342	\$ 4,379,917	\$ 3,912,072	\$ 862,773	\$ 4,774,845	\$ 4,027,217	\$ 903,398	\$ 4,930,615	\$ 4,146,211	\$ 948,568	\$ 5,094,779
Depreciation	\$ 801,230	\$ 211,165	\$ 1,012,395	\$ 863,245	\$ 222,161	\$ 1,085,406	\$ 895,886	\$ 222,161	\$ 1,118,047	\$ 895,886	\$ 178,360	\$ 1,074,246	\$ 906,007	\$ 216,360	\$ 1,122,367	\$ 928,657	\$ 283,860	\$ 1,212,517
Operating Income	\$ 281,552	\$ (601,651)	\$ (320,099)	\$ (32,928)	\$ 26,233	\$ (6,695)	\$ (94,093)	\$ 151,300	\$ 57,207	\$ (207,958)	\$ 22,828	\$ (185,130)	\$ (149,224)	\$ 73,672	\$ (75,552)	\$ (99,508)	\$ 70,382	\$ (29,126)
Non-Operating Income						\$ -												
Interest Income	\$ 59,795	\$ 820	\$ 60,615	\$ 31,518	\$ 279	\$ 31,797	\$ 66,633	\$ 1,163	\$ 67,796	\$ 140,000	\$ 279	\$ 140,279	\$ 140,000	\$ 279	\$ 140,279	\$ 140,000	\$ 279	\$ 140,279
Management Fee	\$ -	\$ -	\$ -	\$ 109,645	\$ -	\$ 109,645	\$ 110,000	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Reimbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,131	\$ -	\$ 272,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tap Fees	\$ 41,950	\$ -	\$ 41,950	\$ 68,213	\$ -	\$ 68,213	\$ 112,892	\$ 2,035	\$ 114,927	\$ 116,279	\$ 5,000	\$ 121,279	\$ 119,186	\$ 5,000	\$ 124,186	\$ 122,165	\$ 5,000	\$ 127,165
Subtotal Non-Op Revenues	\$ 101,745	\$ 820	\$ 102,565	\$ 209,376	\$ 279	\$ 209,655	\$ 561,656	\$ 3,198	\$ 564,854	\$ 256,279	\$ 5,279	\$ 261,558	\$ 259,186	\$ 5,279	\$ 264,465	\$ 262,165	\$ 5,279	\$ 267,444
Non-Operating Expenses																		
Interest Expense	\$ (111,305)	\$ (26,795)	\$ (138,100)	\$ (105,083)	\$ (24,604)	\$ (129,687)	\$ (99,809)	\$ (24,604)	\$ (124,413)	\$ 92,254	\$ (16,022)	\$ 76,232	\$ 85,348	\$ (15,072)	\$ 70,276	\$ 78,320	\$ (14,105)	\$ 64,215
Loss of Disposal Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,155)	\$ -	\$ (18,155)	\$ (18,155)	\$ -	\$ (18,155)	\$ (18,155)	\$ -	\$ (18,155)	\$ (18,155)	\$ -	\$ (18,155)
Sewer Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (296,238)	\$ -	\$ (296,238)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Non-Op Expenses	\$ (111,305)	\$ (26,795)	\$ (138,100)	\$ (105,083)	\$ (24,604)	\$ (129,687)	\$ (414,202)	\$ (24,604)	\$ (438,806)	\$ 74,099	\$ (16,022)	\$ 58,077	\$ 67,193	\$ (15,072)	\$ 52,121	\$ 60,165	\$ (14,105)	\$ 46,060
Income before Contributions & Transfers	\$ 271,992	\$ (627,626)	\$ (355,634)	\$ 71,365	\$ 1,908	\$ 73,273	\$ 59,361	\$ 129,894	\$ 183,255	\$ 122,420	\$ 12,085	\$ 134,505	\$ 177,155	\$ 63,879	\$ 241,034	\$ 222,823	\$ 61,556	\$ 284,379
Capital Contributions/Grants	\$ -	\$ 479,754	\$ 479,754	\$ 299,100	\$ 1,927,242	\$ 2,226,342	\$ -	\$ 850,465	\$ 850,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (PILOT)	\$ -	\$ 413	\$ 413	\$ -	\$ 1,358	\$ 1,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position	\$ 271,992	\$ (147,459)	\$ 124,533	\$ 370,465	\$ 1,930,508	\$ 2,300,973	\$ 53,361	\$ 980,359	\$ 1,033,720	\$ 122,420	\$ 12,085	\$ 134,505	\$ 177,155	\$ 63,879	\$ 241,034	\$ 222,823	\$ 61,556	\$ 284,379

	AUDITED									FORECAST								
	2020-2021			2021-2022			2022-2023			2023-2024			2024-2025			2025-2026		
	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined
Beginning Cash & Cash Equivalents	\$ 6,488,028	\$ 364,158	\$ 6,852,186	\$ 6,285,371	\$ 521,707	\$ 6,807,078	\$ 5,906,544	\$ 869,361	\$ 6,775,905	\$ 5,193,557	\$ 1,069,767	\$ 6,263,324	\$ 5,215,977	\$ 1,081,852	\$ 6,297,829	\$ 5,293,132	\$ 1,145,731	\$ 6,438,863
Change in Cash	\$ (202,657)	\$ 157,549	\$ (45,108)	\$ (378,827)	\$ 347,654	\$ (31,173)	\$ (712,987)	\$ 200,406	\$ (512,581)	\$ 22,420	\$ 12,085	\$ 34,505	\$ 77,155	\$ 63,879	\$ 141,034	\$ 122,823	\$ 61,556	\$ 184,379
Ending Cash & Cash Equivalents	\$ 6,285,371	\$ 521,707	\$ 6,807,078	\$ 5,906,544	\$ 869,361	\$ 6,775,905	\$ 5,193,557	\$ 1,069,767	\$ 6,263,324	\$ 5,215,977	\$ 1,081,852	\$ 6,297,829	\$ 5,293,132	\$ 1,145,731	\$ 6,438,863	\$ 5,415,954	\$ 1,207,287	\$ 6,623,241

	AUDITED									FORECAST								
	2020-2021			2021-2022			2022-2023			2023-2024			2024-2025			2025-2026		
	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined	Water	Sewer	Combined
Cash Flow																		
Net Cash Provided (Used) by Operating Activities	\$ 1,151,468	\$ (19,249)	\$ 1,132,219	\$ 632,454	\$ (134,473)	\$ 497,981	\$ 244,495	\$ 200,406	\$ 444,901	\$ 947,928	\$ 213,668	\$ 1,161,596	\$ 1,013,583	\$ 302,512	\$ 1,316,095	\$ 1,090,941	\$ 366,722	\$ 1,457,663
Capital & Related Financial Activities	\$ (1,413,920)	\$ 163,523	\$ (1,250,397)	\$ (1,042,799)	\$ 475,651	\$ (567,148)	\$ (1,024,115)	\$ (626,963)	\$ (1,651,078)	\$ (408,298)	\$ 255,292	\$ (153,006)	\$ (362,343)	\$ (44,708)	\$ (407,051)	\$ (357,477)	\$ (44,708)	\$ (402,185)
Investing Activities	\$ 59,795	\$ 820	\$ 60,615	\$ 31,518	\$ 279	\$ 31,797	\$ 66,633	\$ 1,163	\$ 67,796	\$ 140,000		\$ 140,000	\$ 140,000		\$ 140,000	\$ 140,000		\$ 140,000
Non-Capital Financing Activities	\$ -	\$ 12,470	\$ 12,470	\$ -	\$ 6,197	\$ 6,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ (202,657)	\$ 157,564	\$ (45,093)	\$ (378,827)	\$ 347,654	\$ (31,173)	\$ (712,987)	\$ (425,394)	\$ (1,138,381)	\$ 679,630	\$ 468,960	\$ 1,148,590	\$ 791,239	\$ 257,804	\$ 1,049,043	\$ 873,464	\$ 322,014	\$ 1,195,478
						\$ -												
Net Revenues	\$ 1,082,782	\$ (390,486)	\$ 692,296	\$ 830,317	\$ 248,394	\$ 1,078,711	\$ 801,793	\$ 373,461	\$ 1,175,254	\$ 687,928	\$ 201,188	\$ 889,116	\$ 756,783	\$ 290,032	\$ 1,046,815	\$ 829,149	\$ 354,242	\$ 1,183,391
						\$ -												
Debt Service																		
Principal	\$ 265,650	\$ 93,180	\$ 358,830	\$ 291,044	\$ 85,442	\$ 376,486	\$ 280,909	\$ 90,789	\$ 371,698	\$ 291,044	\$ 68,686	\$ 359,730	\$ 296,181	\$ 69,636	\$ 365,817	\$ 301,322	\$ 70,603	\$ 371,925
Interest	\$ 109,998	\$ 23,901	\$ 133,899	\$ 92,254	\$ 22,678	\$ 114,932	\$ 98,576	\$ 26,902	\$ 125,478	\$ 92,254	\$ 16,022	\$ 108,276	\$ 85,348	\$ 15,072	\$ 100,420	\$ 78,320	\$ 14,105	\$ 92,425
Total Debt Service	\$ 375,648	\$ 117,081	\$ 492,729	\$ 383,298	\$ 108,120	\$ 491,418	\$ 379,485	\$ 117,691	\$ 497,176	\$ 383,298	\$ 84,708	\$ 468,006	\$ 381,529	\$ 84,708	\$ 466,237	\$ 379,642	\$ 84,708	\$ 464,350
Debt Service Coverage Ratio	2.9	-3.3	1.4	2.2	2.3	2.2	2.1	3.2	2.4	1.8	2.4	1.9	2.0	3.4	2.2	2.2	4.2	2.5



December 1, 2023

Tennessee Local Development Authority
Cordell Hull Building
425 Fifth Avenue North
Nashville, TN 37243-3400
ATTN: Assistant Secretary

RE: Waiver of Opinion Letter
Plateau Utility District
SRF 2005-182

Dear Sir/Madam:

The State Revolving Fund Loan Program has performed a financial sufficiency review analysis for the aforementioned entity and the outstanding loans listed above. The SRF program has determined that the Plateau Utility District has a sufficient rate structure to assume these loans.

Therefore, based on the financial sufficiency review by TDEC, the requirement for a separate opinion regarding sufficiency of rates, fees, and charges associated with the assumption and transfer of all outstanding loans has been waived.

The SRF Loan Program reserves the right to conduct new or additional financial evaluations at any time if, in the opinion of the SRF program, circumstances warrant such re-evaluation.

If you have any comments or questions, please feel free to contact me via email at vena.l.jones@tn.gov or via phone at (615) 898-9499.

Sincerely,

Vena Jones

Vena L. Jones, Manager
SRF Loan Program

TOWN OF OAKLAND

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



November 28, 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 \$7,000,000 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 \$7,000,000, to finance a portion of the costs of water and sewer system improvements, including the rehabilitation and expansion of the Town's wastewater treatment plant (the "Water/Sewer Loan"). This loan is in addition to the Town's \$18,000,000 PBA water and sewer loan, dated August 31, 2023, and is necessary due to increases in the costs of the project.

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 this Water/Sewer Loan will also 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 adopted the Initial Resolution at its November 16, 2023 meeting and has published such Initial Resolution in the local paper on November 22, 2023. The Town also adopted the Loan Resolution at its November 16, 2023 meeting. As soon as the 20 day protest period is up, a request for PBA loan approval will be submitted to the Comptroller's office. The purchaser has only agreed to hold the existing rate of 5.84% through December 27, 2023.

The Town intends to enter into the Loan Agreement by December 27, 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



JASON E. MUMPOWER
Comptroller

November 29, 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 (PBA) of the City of Clarksville and the purchaser of the PBA's bond, in an amount not to exceed \$7,000,000, to finance a portion of the costs of water and sewer system improvements, including the rehabilitation and expansion of the City's wastewater treatment plant and that the loan will be issued subordinate to its State Revolving Fund (SRF) loans. This loan is being made in addition to the Town's \$18,000,000 PBA water and sewer loan, dated August 2023. 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