TENNESSEE LOCAL DEVELOPMENT AUTHORITY
DECEMBER 16, 2024
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 November 14, 2024, meeting

3) Consideration and approval of a request from the Cleveland Utilities Authority to issue water and wastewater bonds in an amount not to exceed $5,500,000 on parity with its outstanding SRF loans and its Series 2023 Wastewater System Revenue Bonds

4) Consideration and approval of a request from the City of Memphis to issue Revenue Bonds in an amount not to exceed $70,000,000 senior to its outstanding SRF loans

5) Consideration and approval of requests from the Paris Utility Authority:

   - Request to issue Bond Anticipation Notes in an amount not to exceed $7,946,000 subordinate to its SRF loans
   - Request to issue USDA Water and Sewer Revenue Bonds in an amount not to exceed $7,946,000 on parity with its outstanding SRF loans and its other outstanding debt

6) Consideration and approval of staff recommendation of Financial Advisor for the Tennessee Local Development Authority

7) Consideration and approval of the following State Revolving Fund Clean Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Etowah, CW21 2025-496	$ 139,500	$ 139,500	$ 279,000	1.46%	5
Etowah, CW21 2025-497	$ 363,000	$ 242,000	$ 605,000	1.46%	5

8) Consideration and approval of the following State Revolving Fund Drinking Water Loan:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Chuckey Utility District, DW7 2025-271	$ 335,000	$ 335,000	$ 670,000	1.87%	20

9) Consideration of SRF Loan Forbearance Agreement

10) Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
November 14, 2024

The Tennessee Local Development Authority (the "TLDA") met on Thursday, November 14, 2024, at 8:40 a.m., CT, in House Hearing Room III, 1st Floor, Cordell Hull Building, Nashville, Tennessee. Secretary of State Tre Hargett was present and presided over the meeting.

The following members or proxies were also present:

Mr. William Wood, proxy for the Honorable Jason E. Mumpower, Comptroller of the Treasury
The Honorable David H. Lillard, Jr., State Treasurer
Commissioner Jim Bryson, Department of Finance and Administration

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

Mayor Rollen "Buddy" Bradshaw, Senate Appointee

The following members were absent:

The Honorable Bill Lee, Governor
Mayor Paige Brown, House Appointee

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

Secretary Hargett—Present
Commissioner Bryson—Present
Mr. Wood—Present
Treasurer Lillard—Present
Mayor Bradshaw—Present

Secretary Hargett, in accordance with Public Chapter 300 and Board guidelines, asked Ms. Thompson if any requests for public comment had been received. Ms. Thompson responded that no requests for public comment had been received.

Secretary Hargett stated that the next item of business was approval of the minutes from the October 2, 2024, TLDA meeting. Secretary Hargett asked for a motion to approve the minutes. Treasurer Lillard moved approval, and Commissioner Bryson seconded the motion. Secretary Hargett asked if there was any discussion or comments. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Secretary Hargett—Aye
Commissioner Bryson—Aye
Mr. Wood—Aye
Treasurer Lillard—Aye
Mayor Bradshaw—Aye

The minutes were unanimously approved.

Secretary Hargett stated that the next item on the agenda was the consideration and approval of Clean Water State Revolving Fund (CWSRF) loans. Secretary Hargett recognized Ms. Vena Jones, Program Manager, Tennessee Department of Environment and Conservation (TDEC), 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 $171,093,273, as of October 2, 2024. Since that time, the unobligated balance had increased by $80,052,585 which included fiscal year 2024 principal and interest repayments and treasury interest. Upon approval of the loan requests to be presented totaling $1,142,500, the remaining funds available for loan obligations would be $250,003,358. Secretary Hargett asked if there were any questions on the report, and there were none. Secretary Hargett stated that unless there were any objections, the TLDA would hear all three loan requests prior to asking for a motion to approve . There were no objections. Ms. Jones then presented the CWSRF loan requests.

- **Dandridge (CW9 2025-491)** Requesting $400,000 ($200,000 (50%) loan and $200,000 (50%) principal forgiveness) for inflow and infiltration correction; planning and design for the rehabilitation/replacement of approximately 8,560 linear feet (LF) of 8-inch through 12-inch diameter sewer lines; and the replacement of approximately 40 manholes; recommended interest rate of 2.38% based on the Ability to Pay Index (ATPI); Priority ranking 27 of 67 (FY2023); Term: 5 years

- **Jacksboro (Caryville-Jacksboro Utilities Commission) (CW9 2025-493)** Requesting $242,500 ($121,250 (50%) loan and $121,250 (50%) principal forgiveness) for Wastewater Treatment Plant (WTP) improvements/upgrade-advanced treatment: planning and design for the installation of a rotating drum screen in the headworks and installation of fine bubble air diffusers in the aeration basins with blowers and electrical improvements; recommended interest rate of 2.38% based on the ATPI; Priority ranking 3 of 57 (FY2023); Term: 5 years

- **White Pine (CW20 2025-492)** Requesting $500,000 ($250,000 (50%) loan and $250,0000 (50%) principal forgiveness) for collection system rehabilitation: planning and design for phase 2 and 3 rehabilitations of the collection system in sewer basins 2 and 6 to include sewer line replacement, point repairs, manhole repairs/replacement, and associated appurtenances; recommended interest rate of 2.38% based on the ATPI; Priority ranking 24 of 67 (FY2023); Term: 5 years

Secretary Hargett asked whether there was any discussion or comments, and Commissioner Bryson responded affirmatively. Commissioner Bryson asked Ms. Jones if she knew why the current user rate of $121.05 for Caryville/Jacksboro Utilities was so much higher than the user rates for other similar utilities. Ms. Jones replied that the rates had been provided by the applicant, and she was unsure of the reason. Secretary Hargett then asked if she could find out why the Utilities' rate was so high and report back to the TLDA, and Ms. Jones responded affirmatively. Secretary Hargett called for a motion to approve the loans. Treasurer Lillard made a motion to approve the loans, and Mr. Wood seconded the motion. Secretary Hargett asked if there was any further discussion. Hearing none, Secretary Hargett asked Ms. Thompson to conduct a roll call vote:

Secretary Hargett—Aye
Commissioner Bryson—Aye
Mr. Wood—Aye
Treasurer Lillard—Aye
Mayor Bradshaw—Aye

The loans were 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. Secretary Hargett recognized Ms. Vena Jones 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 $80,397,579, as of October 2, 2024. Since that time, the unobligated balance had increased by $15,468,639 which included fiscal year 2024 principal and interest repayments and treasury interest. Upon approval of the loan requests to be presented totaling $15,150,000, the remaining funds available for loan obligations would be $80,716,218. Secretary Hargett asked if there were any questions on the report, and there were none. Secretary Hargett said that unless there were any objections, the TLDA would hear both loan requests prior to asking for a motion to approve. There were no objections. Ms. Jones then presented the DWSRF loan requests.

- **Fayetteville (DWF 2024-263-01)** Requesting $15,000,000 for waterline replacement: replacement of approximately 83,000 LF of aging waterline to improve pressure and reduce water loss; recommended interest rate of 1.87% based on the ATPI; Priority ranking 56 of 143 (FY2022); Term: 20 years

- **White Pine (DW7 2025-272)** Requesting $150,000 ($75,000 (50%) loan and $75,000 (50%) principal forgiveness) for new water storage tank (WST): planning and design for the construction of a 250,000-gallon WST; recommended interest rate of 2.38% based on the ATPI; Priority ranking 12 of 70 (FY2023); Term: 5 years

Secretary Hargett observed that one of White Pine's loans had been deferred and then asked if there was any discussion or comments about the other DW loans. Commissioner Bryson expressed concern about Fayetteville's ability to repay its loans because of the amount of state-shared taxes, which are pledged as additional security, available to pay its annual debt service was much less than the MADS and because the debt service comprised about 40% of its budget. He asked if TDEC was confident in Fayetteville's ability to meet its loan obligations based on its current rates. Ms. Jones responded affirmatively, explaining that TDEC's financial sufficiency review took into account existing rates, additional revenues, and projected future rates to determine Fayetteville's ability to repay loans. Secretary Hargett asked if Ms. Thompson had anything further to add. Ms. Thompson responded that she had no additional remarks. Secretary Hargett then moved approval of the loans, and Commissioner Bryson seconded the motion. Secretary Hargett asked if there was any further discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Secretary Hargett—Aye
Commissioner Bryson—Aye
Mr. Wood—Aye
Treasurer Lillard—Aye
Mayor Bradshaw—Aye

The loans were unanimously approved.

Secretary Hargett stated that the final item of business was the update on the TDEC/SRF response to hurricane disaster areas in East Tennessee. He recognized Ms. Jones to present the update. Ms. Jones stated that she had provided the TLDA with a summary of SRF's actions in response to the hurricane disaster and the requirements for entities to apply for Federal Emergency Management Agency (FEMA) Public Assistance (PA). Ms. Jones stated that that storm had not impacted any of the SRF or American Rescue Plan (ARP) projects in progress . Ms. Jones stated that all qualified entities had applied for PA by November 1, 2024, and were now waiting for FEMA engineers to complete their final assessment and have their recovery scoping meetings, during which FEMA would identify the assets that qualified for PA. In addition, she said entities would have 60 days in which SRF would do its best to help them understand their financial strategy, including what they should do with their existing SRF loans and whether or not they should forego using ARP grants and use FEMA dollars instead. She noted that FEMA dollars came with additional federal regulations. She added that some entities had not started work and would have the option to change the scope of their SRF projects as long as they did not change between DW and CW. Ms. Jones explained that SRF could then direct those fund requests as state revolving dollars which would help entities provide the 25% non-federal match required for FEMA projects. She stated that in the meantime, entities were on hold so as not to create a conflict that would eliminate their potential to use PA. Ms. Jones stated that Dave Burn, Senior Assistant Attorney General, along with TDEC's Office of General Counsel, had drafted a forbearance agreement, and upon finalization, it would be sent to entities with existing loans in repayment or with projects in progress. She stated that borrowers that entered into the agreement would be allowed to delay interest and regular repayments for 12 months and noted that situations would be reassessed after the 12-month period. Ms. Jones said that customers were grateful for forbearance and appreciated the TLDA placing debt repayment on temporary pause while utilities worked to get back to normal. She stated that SRF was waiting to see what entities request for PA before sending out a survey. Treasurer Lillard requested a copy of the forbearance agreement. Ms. Jones replied that she had included a summary and a list of entities in the meeting materials, but Mr. Burn was reviewing the draft copy of the agreement. She stated that she would send the finalized agreement to the board as soon as possible. Secretary Hargett thanked Ms. Jones for the update and stated that it sounded like communities would need SRF's help to figure out which avenue was best for them. He also expressed concern about missed deadlines and opportunities. Secretary Hargett stated that the summary of Ms. Jones' remarks was missing from the packet and asked if she would send it to all board members. Ms. Thompson said that the summary had been sent to staff. Treasurer Lillard confirmed that Ms. Jones would send the summary to the TLDA, and Ms. Jones responded affirmatively. Secretary Hargett stated that this was a nonaction item and asked if there were any further comments or questions. Hearing none, he thanked Ms. Jones for the report.

Hearing no further business, Secretary Hargett asked for a motion to adjourn the meeting. Treasurer Lillard motioned to adjourn the meeting, and Commissioner Bryson seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll call vote:

Secretary Hargett—Aye
Commissioner Bryson—Aye
Mr. Wood—Aye
Treasurer Lillard—Aye
Mayor Bradshaw—Aye

The meeting was adjourned.

Approved on this ____ day of __________, 2024.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Jason E. Mumpower
Comptroller

December 16, 2024

Cleveland Utilities Authority
Approval to Issue Debt and Modification of Lien Position

The Cleveland Utilities Authority (the "Authority") is requesting approval from the Tennessee Local Development Authority (the "TLDA") to issue water and wastewater bonds (the "Bonds") in an amount not to exceed $5,500,000 on parity with its outstanding State Revolving Fund (SRF) loans and the Authority's Water and Wastewater System Revenue Bonds, Series 2023[1]. Approval for the Authority to issue additional debt and modify lien position is required by provisions set forth in the State Revolving Fund (SRF) loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

1. The requestor is a:

_X_ Utility District, Energy Authority, or Water/Wastewater Authority

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

___ Municipality (town/city/county)

____ General Obligation Debt

____ Revenue Debt – Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? __Yes _X__ No

2. Lien Position:

_X_ The borrower is requesting that the Bonds be issued on parity with its outstanding SRF loans and Series 2023 Bonds

___ 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 existing SRF debt.

[1] The TLDA previously approved a shared senior lien position of the system's combined revenues for the Series 2023 Bonds and the outstanding SRF loans at its October 9, 2023, meeting.

3. The purpose of the proposed debt issuance is:

_____ Refunding

__X__ New Money

4. Additional Information:

The Bonds will be sold at a competitive public sale and will be used to finance capital improvements to the System and pay costs related to the sale and issuance of the Bonds. To obtain the most favorable rates of interest on the Bonds, the Authority proposes that the Bonds be payable from and secured by a pledge of a shared senior lien on the revenues of the System. The Authority believes the additional interest expense payable on subordinate lien debt obligations would be cost-prohibitive.

5. The debt rating of the borrower is:
Please indicate N/R if not rated.

__A1 Underlying Rating__ Moody's

__N/R__ Standard and Poor's

__N/R__ Fitch

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

Borrower	Cleveland Utilities Authority							
Date	11/20/2024							
Loan Type	**Loan #**	**Status**	**Disbursements**	**Available to Draw**	**% Principal Forgiveness**	**Edison Balance @11/20/2024**	**MADS***	
Sewer	CW0 13-319	Repayment	1,825,992.00	-	24.7%	879,240.00	76,992.00	
Sewer	SRF 13-320	Repayment	8,169,388.00	-	0%	5,944,423.00	457,440.00	
Sewer	CG4 15-349	Repayment	2,500,000.00	-	7%	1,423,893.00	133,092.00	
Sewer	CG3 17-379	Repayment	110,418.00	-	5%	66,405.10	5,724.00	
Sewer	CW6 18-415	Repayment	982,452.00	-	10%	704,260.80	51,432.00	
Sewer	SRF 18-416	Repayment	491,390.00	-	0%	423,383.00	28,620.00	
Sewer	SRF 18-417	Repayment	10,000,000.00	-	0%	8,914,912.00	583,476.00	
Sewer	CW7 19-431	Repayment	1,771,000.00	-	10%	1,541,561.00	91,152.00	
Sewer	SRF 22-473	Repayment	4,650,000.00	-	0%	4,496,686.00	264,924.00	
Sewer	SRF 18-417-01	Construction	10,000,000.00	2,603,322.00	0%	7,396,678.00	537,540.00	
Sewer	SRF 22-473-01	Construction	3,100,000.00	2,800,617.00	0%	299,383.00	195,312.00	
Sewer	SRF 23-484	Construction	2,700,000.00	1,102,142.00	0%	1,597,858.00	170,112.00	
Water	DG2 14-151	Repayment	2,500,000.00	-	20%	1,932,387.00	115,812.00	
Water	DWF 16-172	Repayment	2,889,229.00	-	0%	1,173,497.00	159,720.00	
Water	DW6 17-192	Repayment	998,445.00	-	20%	597,468.00	46,680.00	
Water	DWF 17-193	Repayment	195,000.00	-	0%	146,669.00	11,400.00	
Water	DWF 18-205	Repayment	430,000.00	-	0%	317,624.00	24,456.00	
Water	DWF 22-247	Approved	-	825,000.00	0%	-	47,002.00	**
Water	DWF 23-258	Approved	-	3,927,750.00	0%	-	282,645.00	**
			53,313,314.00	11,258,831.00		37,856,327.90	3,283,531.00	

*MADS is an estimate until final expenses have been determined
*Before funds are disbursed on a loan, a security deposit equal to MADS is required to be deposited with the TLDA
**Security deposit not yet funded

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

_X_ Yes ____ No

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

_X_ Yes ____ No

Amount on Deposit: $2,953,884

c. State-Shared Taxes (Municipalities) [8.] N/A

$________	SSTs received in prior fiscal year
$________	Total MADs (with SST pledge)
$________	Unobligated SSTs

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

The Authority's first year of operations commenced on November 1, 2023. Its first audit report is due to the Comptroller's Office on December 31, 2024. Prior to its conversion to an Authority, Cleveland Utilities timely filed its FY 2023 audit report.

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

_X_ Yes ____ No

For the fiscal year ended June 30, 2023, audited financial statements for the water and wastewater operations of Cleveland Utilities reflected operating income of $8,947,995 and a positive change in net position of $9,915,233. The statement of cash flows reflected debt service payments for FY 23 of $5,992,890.

The water and wastewater operations of Cleveland Utilities reported $11,389,176 in unrestricted cash and cash equivalents.

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

The current and projected Debt Service Coverage Ratio meets or exceeds 1.2 times.
_X_ Yes ___ No

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

Most Recent Fiscal Year (m)(3):

The debt service coverage ratio was 1.87x for fiscal year 2023 and is estimated to be 2.30x for fiscal year 2024 (calculated by the Authority in its submission). The Authority has met the debt service coverage requirement for fiscal year 2023.

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

The Authority projects debt service ratios ranging from 2.09x to 1.99x for fiscal years 2025-2027 after the debt is issued.

g. Is the entity currently under the jurisdiction of the Tennessee Board of Utility Regulation (TBOUR)?
[*7.(n)*]

____ Yes   __X__ No

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. Has the entity adopted and filed a budget with the Comptroller's Office pursuant to Tenn. Code Ann. § 4-3-305?

___X Yes   _____ No

9. For recently created systems, has TBOUR approved a petition for the incorporation of the system?

____Yes _____ No _X_ N/A

10. Conclusion

Based on our analysis, it appears the Authority meets the TLDA's criteria to issue the Bonds on parity with its outstanding SRF loans and Series 2023 Bonds.

Attachments:

Debt Service Coverage and Financial Projections

November 8, 2024

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

Ms. Sandra Thompson, Assistant Secretary
Tennessee Local Development Authority
Cordell Hull Building
425 Fifth Avenue North
Nashville, Tennessee 37243

RE: Cleveland Utilities Authority – Water and Wastewater Bonds – Request for Parity Status with SRF Loans

Dear Sandi:

The Cleveland Utilities Authority (the "Authority") is considering the issuance of up to $5,500,000 of water and wastewater revenue bonds (the "Bonds"), pursuant to the Municipal Energy Authority Act, Sections 7-36-101 et seq., Tennessee Code Annotated. The Bonds would be payable solely from and secured solely by a senior lien on the net revenues of the Authority's water and wastewater system (the "System"), on parity with the Authority's outstanding SRF Loans and the Authority's Water and Wastewater System Revenue Bonds, Series 2023. Pursuant to the TLDA's Guidelines, we hereby request the TLDA consent to the issuance of the Bonds on parity with the Authority's outstanding SRF Loans.

The Bonds would be sold at competitive public sale and structured as set forth in the financial reports attached hereto as Exhibit A. The proceeds of the Bonds would be used to finance capital improvements to the System and pay costs related to the sale and issuance of the Bonds. An estimated sources and uses is included at Exhibit A.

In order to obtain the most favorable rates of interest on the Bonds, the Authority proposes that the Bonds be payable from and secured by a pledge of a shared senior lien on the revenues of the System. The Authority believes the additional interest expense payable on subordinate lien debt obligations would be cost-prohibitive.

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

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

2. The Authority has never failed to timely repay its SRF debt.

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

4. Current and pro forma debt service coverage is attached as Exhibit B.

If you need further information, please contact me at mstinnett@clevelandutilities.com or (423) 478-9378. Thank you for your consideration of this request.

Sincerely,

Marshall Stinnett, CPA
VP/Chief Financial Officer
Cleveland Utilities Authority

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

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SOURCES AND USES OF FUNDS

Cleveland Utilities Authority, Tennessee
Water and Wastewater System Revenue Bonds, Series 2025
Water and Wastewater New $5,000,000 Project Issuance
Tax-Exempt/Level Debt Service/A1 Underlying Rating
Preliminary, Subject to Change Rates as of October 22, 2024

Dated Date	01/06/2025
Delivery Date	01/06/2025

Sources:	
Bond Proceeds:	
Par Amount	4,940,000.00
Net Premium	207,884.85
	5,147,884.85

Uses:		
Project Fund Deposits:		
Project Fund		5,000,000.00
Cost of Issuance:		
Municipal Advisory Fee (Raymond James)		42,500.00
Bond Counsel (Bass, Berry, and Sims)		15,000.00
Credit Rating (Moody's)		22,000.00
IPREO		1,500.00
CUSIPs		850.00
		81,850.00
Delivery Date Expenses:		
Underwriter's Discount		61,750.00
Other Uses of Funds:		
Additional Proceeds		4,284.85
		5,147,884.85

BOND DEBT SERVICE

Cleveland Utilities Authority, Tennessee
Water and Wastewater System Revenue Bonds, Series 2025
Water and Wastewater New $5,000,000 Project Issuance
Tax-Exempt/Level Debt Service/A1 Underlying Rating
Preliminary, Subject to Change Rates as of October 22, 2024

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
01/06/2025						4,940,000	4,940,000
06/01/2025	215,000	5.000%	91,611.81	306,611.81		4,725,000	4,725,000
10/31/2025					306,611.81	4,725,000	4,725,000
12/01/2025			108,350.00	108,350.00		4,725,000	4,725,000
06/01/2026	155,000	5.000%	108,350.00	263,350.00		4,570,000	4,570,000
10/31/2026					371,700.00	4,570,000	4,570,000
12/01/2026			104,475.00	104,475.00		4,570,000	4,570,000
06/01/2027	165,000	5.000%	104,475.00	269,475.00		4,405,000	4,405,000
10/31/2027					373,950.00	4,405,000	4,405,000
12/01/2027			100,350.00	100,350.00		4,405,000	4,405,000
06/01/2028	175,000	5.000%	100,350.00	275,350.00		4,230,000	4,230,000
10/31/2028					375,700.00	4,230,000	4,230,000
12/01/2028			95,975.00	95,975.00		4,230,000	4,230,000
06/01/2029	180,000	5.000%	95,975.00	275,975.00		4,050,000	4,050,000
10/31/2029					371,950.00	4,050,000	4,050,000
12/01/2029			91,475.00	91,475.00		4,050,000	4,050,000
06/01/2030	190,000	5.000%	91,475.00	281,475.00		3,860,000	3,860,000
10/31/2030					372,950.00	3,860,000	3,860,000
12/01/2030			86,725.00	86,725.00		3,860,000	3,860,000
06/01/2031	200,000	5.000%	86,725.00	286,725.00		3,660,000	3,660,000
10/31/2031					373,450.00	3,660,000	3,660,000
12/01/2031			81,725.00	81,725.00		3,660,000	3,660,000
06/01/2032	210,000	5.000%	81,725.00	291,725.00		3,450,000	3,450,000
10/31/2032					373,450.00	3,450,000	3,450,000
12/01/2032			76,475.00	76,475.00		3,450,000	3,450,000
06/01/2033	220,000	5.000%	76,475.00	296,475.00		3,230,000	3,230,000
10/31/2033					372,950.00	3,230,000	3,230,000
12/01/2033			70,975.00	70,975.00		3,230,000	3,230,000
06/01/2034	230,000	5.000%	70,975.00	300,975.00		3,000,000	3,000,000
10/31/2034					371,950.00	3,000,000	3,000,000
12/01/2034			65,225.00	65,225.00		3,000,000	3,000,000
06/01/2035	245,000	5.000%	65,225.00	310,225.00		2,755,000	2,755,000
10/31/2035					375,450.00	2,755,000	2,755,000
12/01/2035			59,100.00	59,100.00		2,755,000	2,755,000
06/01/2036	255,000	5.000%	59,100.00	314,100.00		2,500,000	2,500,000
10/31/2036					373,200.00	2,500,000	2,500,000
12/01/2036			52,725.00	52,725.00		2,500,000	2,500,000
06/01/2037	265,000	5.000%	52,725.00	317,725.00		2,235,000	2,235,000
10/31/2037					370,450.00	2,235,000	2,235,000
12/01/2037			46,100.00	46,100.00		2,235,000	2,235,000
06/01/2038	280,000	5.000%	46,100.00	326,100.00		1,955,000	1,955,000
10/31/2038					372,200.00	1,955,000	1,955,000
12/01/2038			39,100.00	39,100.00		1,955,000	1,955,000
06/01/2039	295,000	4.000%	39,100.00	334,100.00		1,660,000	1,660,000
10/31/2039					373,200.00	1,660,000	1,660,000
12/01/2039			33,200.00	33,200.00		1,660,000	1,660,000
06/01/2040	305,000	4.000%	33,200.00	338,200.00		1,355,000	1,355,000
10/31/2040					371,400.00	1,355,000	1,355,000
12/01/2040			27,100.00	27,100.00		1,355,000	1,355,000
06/01/2041	320,000	4.000%	27,100.00	347,100.00		1,035,000	1,035,000
10/31/2041					374,200.00	1,035,000	1,035,000
12/01/2041			20,700.00	20,700.00		1,035,000	1,035,000
06/01/2042	330,000	4.000%	20,700.00	350,700.00		705,000	705,000
10/31/2042					371,400.00	705,000	705,000
12/01/2042			14,100.00	14,100.00		705,000	705,000
06/01/2043	345,000	4.000%	14,100.00	359,100.00		360,000	360,000
10/31/2043					373,200.00	360,000	360,000
12/01/2043			7,200.00	7,200.00		360,000	360,000
06/01/2044	360,000	4.000%	7,200.00	367,200.00			
10/31/2044					374,400.00		
	4,940,000		2,453,761.81	7,393,761.81	7,393,761.81		

BOND DEBT SERVICE

Cleveland Utilities Authority, Tennessee
Water and Wastewater System Revenue Bonds, Series 2025
Water and Wastewater New $5,000,000 Project Issuance
Tax-Exempt/Level Debt Service/A1 Underlying Rating
Preliminary, Subject to Change Rates as of October 22, 2024

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
10/31/2025	215,000	5.000%	91,611.81	306,611.81	4,725,000	4,725,000
10/31/2026	155,000	5.000%	216,700.00	371,700.00	4,570,000	4,570,000
10/31/2027	165,000	5.000%	208,950.00	373,950.00	4,405,000	4,405,000
10/31/2028	175,000	5.000%	200,700.00	375,700.00	4,230,000	4,230,000
10/31/2029	180,000	5.000%	191,950.00	371,950.00	4,050,000	4,050,000
10/31/2030	190,000	5.000%	182,950.00	372,950.00	3,860,000	3,860,000
10/31/2031	200,000	5.000%	173,450.00	373,450.00	3,660,000	3,660,000
10/31/2032	210,000	5.000%	163,450.00	373,450.00	3,450,000	3,450,000
10/31/2033	220,000	5.000%	152,950.00	372,950.00	3,230,000	3,230,000
10/31/2034	230,000	5.000%	141,950.00	371,950.00	3,000,000	3,000,000
10/31/2035	245,000	5.000%	130,450.00	375,450.00	2,755,000	2,755,000
10/31/2036	255,000	5.000%	118,200.00	373,200.00	2,500,000	2,500,000
10/31/2037	265,000	5.000%	105,450.00	370,450.00	2,235,000	2,235,000
10/31/2038	280,000	5.000%	92,200.00	372,200.00	1,955,000	1,955,000
10/31/2039	295,000	4.000%	78,200.00	373,200.00	1,660,000	1,660,000
10/31/2040	305,000	4.000%	66,400.00	371,400.00	1,355,000	1,355,000
10/31/2041	320,000	4.000%	54,200.00	374,200.00	1,035,000	1,035,000
10/31/2042	330,000	4.000%	41,400.00	371,400.00	705,000	705,000
10/31/2043	345,000	4.000%	28,200.00	373,200.00	360,000	360,000
10/31/2044	360,000	4.000%	14,400.00	374,400.00		
	4,940,000		2,453,761.81	7,393,761.81		

BOND PRICING

Cleveland Utilities Authority, Tennessee
Water and Wastewater System Revenue Bonds, Series 2025
Water and Wastewater New $5,000,000 Project Issuance
Tax-Exempt/Level Debt Service/A1 Underlying Rating
Preliminary, Subject to Change Rates as of October 22, 2024

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:										
	06/01/2025	215,000	5.000%	3.330%	100.657					1,412.55
	06/01/2026	155,000	5.000%	2.920%	102.835					4,394.25
	06/01/2027	165,000	5.000%	2.750%	105.194					8,570.10
	06/01/2028	175,000	5.000%	2.800%	107.090					12,407.50
	06/01/2029	180,000	5.000%	2.870%	108.748					15,746.40
	06/01/2030	190,000	5.000%	2.990%	109.956					18,916.40
	06/01/2031	200,000	5.000%	3.080%	111.077					22,154.00
	06/01/2032	210,000	5.000%	3.180%	111.917					25,025.70
	06/01/2033	220,000	5.000%	3.310%	111.012	C	3.477%	06/01/2032	100.000	24,226.40
	06/01/2034	230,000	5.000%	3.390%	110.459	C	3.674%	06/01/2032	100.000	24,055.70
	06/01/2035	245,000	5.000%	3.480%	109.841	C	3.843%	06/01/2032	100.000	24,110.45
	06/01/2036	255,000	5.000%	3.540%	109.431	C	3.964%	06/01/2032	100.000	24,049.05
	06/01/2037	265,000	5.000%	3.580%	109.159	C	4.053%	06/01/2032	100.000	24,271.35
	06/01/2038	280,000	5.000%	3.610%	108.955	C	4.123%	06/01/2032	100.000	25,074.00
		2,985,000								254,413.85
Term Bond:										
	06/01/2044	1,955,000	4.000%	4.180%	97.620					-46,529.00
		4,940,000								207,884.85

Dated Date	01/06/2025	
Delivery Date	01/06/2025	
First Coupon	06/01/2025	
Par Amount	4,940,000.00	
Premium	207,884.85	
Production	5,147,884.85	104.208195%
Underwriter's Discount	-61,750.00	-1.250000%
Purchase Price	5,086,134.85	102.958195%
Accrued Interest		
Net Proceeds	5,086,134.85	

BOND SUMMARY STATISTICS

Cleveland Utilities Authority, Tennessee
Water and Wastewater System Revenue Bonds, Series 2025
Water and Wastewater New $5,000,000 Project Issuance
Tax-Exempt/Level Debt Service/A1 Underlying Rating
Preliminary, Subject to Change Rates as of October 22, 2024

Dated Date	01/06/2025
Delivery Date	01/06/2025
Last Maturity	06/01/2044
Arbitrage Yield	3.849273%
True Interest Cost (TIC)	4.090635%
Net Interest Cost (NIC)	4.140747%
All-In TIC	4.284389%
Average Coupon	4.402968%
Average Life (years)	11.281
Weighted Average Maturity (years)	11.092
Duration of Issue (years)	8.579
Par Amount	4,940,000.00
Bond Proceeds	5,147,884.85
Total Interest	2,453,761.81
Net Interest	2,307,626.96
Total Debt Service	7,393,761.81
Maximum Annual Debt Service	375,700.00
Average Annual Debt Service	381,067.18
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	12.500000
Total Underwriter's Discount	12.500000
Bid Price	102.958195

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	2,985,000.00	108.523	5.000%	7.523
Term Bond	1,955,000.00	97.620	4.000%	17.019
	4,940,000.00			11.281

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,940,000.00	4,940,000.00	4,940,000.00
+ Accrued Interest			
+ Premium (Discount)	207,884.85	207,884.85	207,884.85
- Underwriter's Discount	-61,750.00	-61,750.00	
- Cost of Issuance Expense		-81,850.00	
- Other Amounts			
Target Value	5,086,134.85	5,004,284.85	5,147,884.85
Target Date	01/06/2025	01/06/2025	01/06/2025
Yield	4.090635%	4.284389%	3.849273%

FORM 8038 STATISTICS

Cleveland Utilities Authority, Tennessee
Water and Wastewater System Revenue Bonds, Series 2025
Water and Wastewater New $5,000,000 Project Issuance
Tax-Exempt/Level Debt Service/A1 Underlying Rating
Preliminary, Subject to Change Rates as of October 22, 2024

Dated Date	01/06/2025
Delivery Date	01/06/2025

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	06/01/2025	215,000.00	5.000%	100.657	216,412.55	215,000.00
	06/01/2026	155,000.00	5.000%	102.835	159,394.25	155,000.00
	06/01/2027	165,000.00	5.000%	105.194	173,570.10	165,000.00
	06/01/2028	175,000.00	5.000%	107.090	187,407.50	175,000.00
	06/01/2029	180,000.00	5.000%	108.748	195,746.40	180,000.00
	06/01/2030	190,000.00	5.000%	109.956	208,916.40	190,000.00
	06/01/2031	200,000.00	5.000%	111.077	222,154.00	200,000.00
	06/01/2032	210,000.00	5.000%	111.917	235,025.70	210,000.00
	06/01/2033	220,000.00	5.000%	111.012	244,226.40	220,000.00
	06/01/2034	230,000.00	5.000%	110.459	254,055.70	230,000.00
	06/01/2035	245,000.00	5.000%	109.841	269,110.45	245,000.00
	06/01/2036	255,000.00	5.000%	109.431	279,049.05	255,000.00
	06/01/2037	265,000.00	5.000%	109.159	289,271.35	265,000.00
	06/01/2038	280,000.00	5.000%	108.955	305,074.00	280,000.00
Term Bond:						
	06/01/2039	295,000.00	4.000%	97.620	287,979.00	295,000.00
	06/01/2040	305,000.00	4.000%	97.620	297,741.00	305,000.00
	06/01/2041	320,000.00	4.000%	97.620	312,384.00	320,000.00
	06/01/2042	330,000.00	4.000%	97.620	322,146.00	330,000.00
	06/01/2043	345,000.00	4.000%	97.620	336,789.00	345,000.00
	06/01/2044	360,000.00	4.000%	97.620	351,432.00	360,000.00
		4,940,000.00			5,147,884.85	4,940,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/01/2044	4.000%	351,432.00	360,000.00		
Entire Issue			5,147,884.85	4,940,000.00	11.0915	3.8493%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	143,600.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

CLEVELAND UTILITIES AUTHORITY

CLEVELAND UTILITIES AUTHORITY - WATER & SEWER
Debt Service Coverage and Financial Projections

	AUDITED 2021	AUDITED 2022	AUDITED 2023	AUDITED 2024	FORECAST 2025	FORECAST 2026	FORECAST 2027
Operating Revenue	30,118,422	31,811,081	34,896,412	37,423,129	41,827,563	45,052,576	48,720,928
Operating Expenses	20,333,484	21,628,350	23,671,319	24,625,157	27,468,839	28,456,761	29,202,146
Depreciation	6,746,826	7,156,228	7,394,702	7,641,320	8,057,817	8,287,225	8,452,969
Operating Income	3,038,112	3,026,503	3,830,391	5,156,652	6,300,907	8,308,590	11,065,813
Non Operating Income	3,199,590	3,265,510	3,944,083	4,653,976	3,155,926	3,210,847	3,312,893
Non Operating Expenses	1,387,600	1,240,874	1,226,479	1,116,285	2,091,284	2,545,672	2,877,724
Income before Contributions & Transfers	4,850,102	5,051,139	6,547,995	8,694,343	7,365,549	8,973,765	11,500,982
Capital Contributions/Grants	1,332,427	961,596	2,078,926	5,269,792	3,739,222	2,100,000	1,100,000
Transfers (PILOT)	474,583	486,260	496,087	506,009	518,577	534,276	544,962
Change in Net Position	5,707,946	5,526,475	8,130,834	13,458,126	10,586,194	10,539,489	12,056,020
Beginning Cash & Cash Equivalents	10,820,665	13,883,496	14,356,499	11,394,809	11,021,621	12,363,064	15,002,972
Change in Cash	3,062,831	473,003	(2,961,690)	(373,188)	1,341,443	2,639,908	725,865
Ending Cash & Cash Equivalents	13,883,496	14,356,499	11,394,809	11,021,621	12,363,064	15,002,972	15,728,837
Cash Flow							
Net Cash Provided (Used) by							
Operating Activities	11,313,982	13,587,584	12,799,753	19,442,354	18,035,055	21,786,873	24,152,743
Capital & Related Financing Activities	(7,780,456)	(12,658,318)	(15,843,936)	(19,833,249)	(16,572,041)	(18,732,669)	(22,977,329)
Investing Activities	3,888	29,996	578,581	523,716	338,367	263,887	250,867
Non-Capital Financing Activities	(474,583)	(486,260)	(496,087)	(506,009)	(518,577)	(534,276)	(544,962)
Net Increase (Decrease) in Cash	3,062,831	473,003	(2,961,690)	(373,188)	1,282,804	2,783,815	881,319
Operating Revenue	9,784,938	10,182,731	11,225,093	12,797,972	14,358,724	16,595,815	19,518,782
Debt Service							
Principal	3,664,584	4,244,455	4,467,709	4,463,804	4,842,964	5,427,168	6,806,816
Interest	1,331,834	1,486,111	1,525,201	1,112,583	2,035,851	2,741,422	2,990,674
Total Debt Service	4,996,418	5,730,566	5,992,910	5,576,386	6,878,815	8,168,590	9,797,490
Debt Service Coverage Ratio	1.96	1.78	1.87	2.30	2.09	2.03	1.99

CLEVELAND UTILITIES AUTHORITY

CLEVELAND UTILITIES AUTHORITY - WATER
Debt Service Coverage and Financial Projections

	AUDITED 2021	AUDITED 2022	AUDITED 2023	AUDITED 2024	FORECAST 2025	FORECAST 2026	FORECAST 2027
Net Position							
Operating Revenue	16,716,535	18,033,904	20,086,349	21,803,888	23,803,093	25,687,320	27,720,702
Operating Expenses	12,466,181	13,246,004	14,671,590	15,316,271	16,521,909	17,290,892	17,812,960
Depreciation	2,933,898	3,078,353	3,164,168	3,259,991	3,412,539	3,549,041	3,620,022
Operating Income	1,316,456	1,709,547	2,250,591	3,227,626	3,868,645	4,847,387	6,287,720
Non Operating Income	2,054,008	2,069,448	2,434,108	2,898,484	1,946,107	1,947,711	2,033,612
Non Operating Expenses	737,411	657,016	658,761	322,466	1,098,680	1,168,278	1,147,042
Income before Contributions & Transfers	2,633,053	3,121,979	4,025,938	5,803,644	4,716,072	5,626,820	7,174,290
Capital Contributions/Grants	524,737	127,370	817,252	1,921,755	1,269,222	2,000,000	1,000,000
Transfers (PILOT)	246,094	251,016	256,036	261,157	266,380	277,035	282,576
Change in Net Position	2,911,696	2,998,333	4,587,154	7,464,242	5,718,914	7,349,785	7,891,714
Beginning Cash & Cash Equivalents	3,113,107	2,807,194	4,536,383	3,387,248	3,004,722	2,479,243	4,995,997
Change in Cash	(305,913)	1,729,189	(1,149,135)	(382,526)	(525,479)	2,516,754	(1,718,130)
Ending Cash & Cash Equivalents	2,807,194	4,536,383	3,387,248	3,004,722	2,479,243	4,995,997	3,277,867
Cash Flow							
Net Cash Provided (Used) by							
Operating Activities	5,482,457	5,989,025	6,639,594	9,691,080	9,248,358	10,731,273	12,734,908
Capital & Related Financing Activities	(5,536,844)	(4,012,502)	(7,711,262)	(10,039,790)	(9,629,347)	(7,961,206)	(14,197,906)
Investing Activities	(5,432)	3,682	178,569	227,341	121,890	23,722	27,444
Non-Capital Financing Activities	(246,094)	(251,016)	(256,036)	(261,157)	(266,380)	(277,035)	(282,576)
Net Increase (Decrease) in Cash	(305,913)	1,729,189	(1,149,135)	(382,526)	(525,479)	2,516,754	(1,718,130)
Net Revenue	4,250,354	4,787,900	5,414,759	6,487,617	7,281,184	8,396,428	9,907,742
Debt Service							
Principal	2,247,453	2,331,171	2,167,437	2,401,156	2,066,776	2,462,428	2,723,164
Interest	748,998	819,914	875,151	520,859	1,042,430	1,168,278	1,147,042
Total Debt Service	2,996,451	3,151,085	3,042,588	2,922,015	3,109,206	3,630,706	3,870,206
Debt Service Coverage Ratio	1.42	1.52	1.78	2.22	2.34	2.31	2.56

CLEVELAND UTILITIES AUTHORITY - SEWER
Debt Service Coverage and Financial Projections

	AUDITED 2021	AUDITED 2022	UNAUDITED 2023	FORECAST 2024	FORECAST 2025	FORECAST 2026	FORECAST 2027
Operating Revenue	13,401,887	13,777,177	14,810,063	15,619,241	18,024,470	19,365,256	21,000,226
Operating Expenses	7,867,303	8,382,346	8,999,729	9,308,886	10,946,930	11,165,869	11,389,186
Depreciation	3,812,928	4,077,875	4,230,534	4,381,329	4,645,278	4,738,184	4,832,947
Operating Income	1,721,656	1,316,956	1,579,800	1,929,026	2,432,262	3,461,203	4,778,093
Non Operating Income	1,145,582	1,196,062	1,509,975	1,755,492	1,209,819	1,263,136	1,279,281
Non Operating Expenses	650,189	583,858	567,718	793,819	992,604	1,377,394	1,730,682
Income before Contributions & Transfers	2,217,049	1,929,160	2,522,057	2,890,699	2,649,477	3,346,945	4,326,692
Capital Contributions/Grants	807,690	834,226	1,261,674	3,348,037	2,470,000	100,000	100,000
Transfers (PILOT)	228,489	235,244	240,051	244,852	252,197	257,241	262,386
Change in Net Position	2,796,250	2,528,142	3,543,680	5,993,884	4,867,280	3,189,704	4,164,306
Beginning Cash & Cash Equivalents	7,707,558	11,076,302	9,820,116	8,007,562	8,016,899	9,883,821	10,006,975
Change in Cash	3,368,744	(1,256,186)	(1,812,554)	9,338	1,866,922	123,154	2,443,995
Ending Cash & Cash Equivalents	11,076,302	9,820,116	8,007,562	8,016,899	9,883,821	10,006,975	12,450,970
Cash Flow							
Net Cash Provided (Used) by							
Operating Activities	5,831,525	7,598,559	6,160,159	9,751,274	8,786,697	11,055,600	11,417,835
Capital & Related Financing Activities	(2,243,612)	(8,645,816)	(8,132,674)	(9,793,460)	(6,942,694)	(10,771,463)	(8,779,423)
Investing Activities	9,320	26,315	400,012	296,375	262,970	79,068	45,634
Non-Capital Financing Activities	(228,489)	(235,244)	(240,051)	(244,852)	(240,051)	(240,051)	(240,051)
Net Increase (Decrease) in Cash	3,368,744	(1,256,186)	(1,812,554)	9,338	1,866,922	123,154	2,443,995
Operating Revenue	5,534,584	5,394,831	5,810,334	6,310,355	7,077,540	8,199,387	9,611,040
Debt Service							
Principal	1,417,131	1,913,284	2,300,272	2,062,648	2,776,188	2,964,740	4,083,652
Interest	582,836	666,197	650,050	591,724	993,421	1,573,144	1,843,632
Total Debt Service	1,999,967	2,579,481	2,950,322	2,654,372	3,769,609	4,537,884	5,927,284
Debt Service Coverage Ratio	2.77	2.09	1.97	2.38	1.88	1.81	1.62

December 16, 2024

City of Memphis
Request for Approval to Issue Debt and Modify of Lien Position

The City of Memphis (the "City") is requesting approval from the Tennessee Local Development Authority (the "TLDA") to issue Series 2025 Revenue Bonds (the "Series 2025 Bonds") in an amount not to exceed $70 million with a senior lien position to its outstanding SRF loans. Approval for the City to issue additional debt and modify lien position is required by provisions set forth in the State Revolving Fund (SRF) loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

The City currently has nine (9) SRF loans. Previously, the City requested and received TLDA approval to issue its Series 2020A and 2020B Bonds (collectively, the "Series 2020 Bonds") senior to its seven (7) SRF loans that existed at that time, meaning that the lien position for the seven SRF loans became subordinate to that of the Series 2020 Bonds. Subsequently, two additional SRF loans were approved by the TLDA with a subordinate lien position to the Series 2020 Bonds. The City now plans to issue Series 2025 Revenue Bonds and likewise is requesting to subordinate the lien position of its SRF loans to the proposed debt. The TLDA's approval will allow the City to maintain parity between the existing Senior Lien Bonds and the proposed Series 2025 Bonds in accordance with the City's Master Bond Resolution. The City's Master Bond Resolution provides for three tiers of lien priority: Senior Lien Bonds having priority, followed by Junior Lien Bonds with second priority, and Other Subordinate Indebtedness that includes all revenue-backed debt not issued under the Master Resolution and includes the City's SRF loans. The City's request letter states that when the City's SRF loans are subordinated to the Revenue Bonds issued under the Master Resolution, it allows the City to access more favorable interest rates in the bond market, resulting in savings to the citizens and taxpayers of the City.

1. The requestor is a:

___ Utility District, Energy Authority, or Water/Wastewater Authority

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

__X__ Municipality (town/city/county)

____ General Obligation Debt

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

2. Lien Position:

___ The borrower is requesting that the proposed debt be issued on parity with its outstanding SRF loans.

_X_ The borrower is requesting that the proposed debt be issued senior to its outstanding SRF loans.

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

3. The purpose of the proposed debt issuance is:

____ Refunding

_X_ New Money

4. Additional Information:

The City plans to issue the Series 2025 Revenue Bonds through either a negotiated or competitive public sale process depending on market conditions. The Bond proceeds will be used for its Capital Improvement Program. From 2011 through 2020, the City Council instituted several rate increases to increase operating reserves, fund anticipated costs pursuant to the 2012 consent decree ("Consent Decree") between the City, the EPA, the Department of Justice, the Tennessee Department of Environment and Conservation, and the Tennessee Clean Water Network, and fund Sewer System capital needs. Currently, the City is undergoing a sewer rate study in order to adequately plan and adjust rates for the future capital needs of the Sewer System. It is also anticipated that the City will request additional rate increases in the future as necessary and required. The rate study will enable the City's sewer management team to continue the practice of minimizing debt issuances by funding portions of its capital expenditures from cash on hand, thereby maximizing the number of projects and lowering the overall cost of borrowing. The City states that this effort, together with the SRF Loans and the Revenue Bond Program, will save the City millions of dollars in interest cost over the next 20 years.

The City's letter further states that the Sewer System is represented by an experienced sewer management staff, maintains sufficient revenues at all times in order to service its debt obligations, has the support of the City Council to enact necessary rate increases, maintains strong cash balances in the case of an emergency, and maintains the financial flexibility to adjust its debt decisions when necessary and prudent.

5. The debt rating of the borrower is:
Please indicate N/R if not rated.

_Aa2_ Moody's
_AA+ Standard and Poor's
_N/R_ Fitch

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

Borrower	City of Memphis						
Date	11/29/2024						
Loan Type	**Loan #**	**Status**	**Disbursements**	**Available to Draw**	**% Principal Forgiveness**	**Edison Balance @11/29/2024**	**MADS***
Sewer	SRF 06-195	Repayment	3,988,541	-	0.00%	1,982,576	255,732
Sewer	SRF 13-309	Repayment	11,601,993	-	0.00%	7,981,036	633,000
Sewer	SRF 13-311	Repayment	100,000,000	-	0.00%	78,032,833	5,417,016
Sewer	SRF 15-355	Repayment	25,000,000	-	0.00%	20,691,705	1,346,484
Sewer	SRF 18-409	Repayment	11,000,000	-	0.00%	9,014,340	600,924
Sewer	SRF 19-421	Repayment	6,500,000	-	0.00%	5,303,866	366,264
Sewer	SRF 19-434	Repayment	46,188,898	1,811,102	0.00%	44,084,825	2,515,032
Sewer	SRF 21-451	Repayment	14,999,482	-	0.00%	14,240,863	797,316
Sewer	CGB22 24-471	Approved	-	42,136,000	5.93%	-	2,264,644
			219,278,914	43,947,102		181,332,044	14,196,412

*MADS is an estimate until final expenses have been determined
*The borrower pledges its unobligated state-shared taxes in an amount equal to MADS

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

_X_ Yes ____ No

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

___ Yes ____ No

c. **State-Shared Taxes (Municipalities)** [8.]

$112,930,160 SSTs received in prior fiscal year
$ 14,196,412 Total MADs (with SST pledge)
$ 98,733,748 Unobligated SSTs

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

The City has timely filed its audited financial statements with the Division of Local Government Audit through the fiscal year ended June 30, 2023, within six months after fiscal year end.

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

_X_ Yes ____ No

For the fiscal year ended June 30, 2023, the City's audited financial statements reflected operating income of $50,784,000 and a positive change in net position of $19,398,000 for the City's Sewer Collection and Treatment Fund. As of the fiscal year ended June 30, 2023, the City reported $40,704,000 in equity in cash and investment pool and $22,072,000 in investments in its Sewer Collection and Treatment Fund.

For fiscal year 2023, the Sewer Collection and Treatment Fund reported debt service principal and interest payments of $10,070,000, and $10,070,000, respectively, on its outstanding debt.

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

The current and projected Debt Service Coverage Ratio meets or exceeds 1.2 times.
__X__ Yes ___ No

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

Most Recent Fiscal Year (m)(3):

The debt service coverage requirement for the City's Sewer Collection and Treatment Fund was met for the fiscal year ended June 30, 2023, and the City estimates that it will be met for 2024, at 2.0X, and 2.0X, respectively. This information was obtained from the debt service coverage ratio calculation worksheet provided by the City.

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

The debt service coverage ratios prepared by the City project that the Sewer and Collection Treatment Fund will meet the debt service coverage requirement for the next three years after the debt is issued. Estimated debt service to net revenues ranges from 1.6X to 1.8X for fiscal years 2026 through 2028 after the issuance of the Revenue Bonds.

g. Is the entity currently under the jurisdiction of the Tennessee Board of Utility Regulation (TBOUR)?
[*7.(n)*]

____ Yes __X__ No

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. Has the entity adopted and filed a budget with the Comptroller's Office pursuant to Tenn. Code Ann. § 4-3-305?

__X__ Yes _____ No

9. For recently created systems, has TBOUR approved a petition for the incorporation of the system?

____ Yes _____ No __X__ N/A

10. Conclusion

Based on our analysis, the City will have sufficient cash and revenues to meet its debt obligations and appears to meet the TLDA's criteria to issue additional debt senior to its outstanding SRF loans.

Attachments:

Debt Service Coverage and Financial Projections

PAUL A. YOUNG
MAYOR

DIVISION OF FINANCE
Walter O. Person
Chief Financial Officer

November 22, 2024

Ms. Sandra Thompson, Assistant Secretary Tennessee Local Development Authority
Director of the Division of State Government Finance
State of Tennessee
425 Rep. John Lewis Way North
Nashville, TN 37243

Re: City of Memphis, Tennessee - Request for State Revolving Fund Lien Modification

Dear Director Thompson:

The City of Memphis, Tennessee (the "City" or "Memphis") respectfully submits this request to modify the lien position of the City's existing State Revolving Fund Loans ("SRF Loans"). The City has been the recipient of nine (9) SRF Loans administered through the State of Tennessee's Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs (together, the "SRF Program") to the Tennessee Local Development Authority ("TLDA").

The City manages a very active revenue bond program to finance its Sanitary Sewer System ("Sewer System") infrastructure needs. In connection with the City's issuance of two (2) revenue bonds for the Sewer System ("Revenue Bonds") in September and October of 2020, the City submitted a request to the TLDA and received a lien modification for its then seven (7) outstanding SRF Loans. The lien modification subordinated those SRF Loans to the City's later-issued Series 2020A Revenue Bond and Series 2020B Revenue Bonds, which collectively funded a portion of the Sewer System capital improvement program and refunded certain outstanding bonds for debt service savings. Similarly, this request for lien modification and subordination will preserve the City's ability to issue future Revenue Bonds on a senior lien basis, subject to TLDA approval, which will result in financial benefits to the System and the citizens as described below.

It is the City's intention to continue to utilize the SRF Program, in conjunction with an active revenue bond program and other cost-effective financing options, to fund critical infrastructure improvements. Without the requested lien modification for the proposed revenue bond issuance, the cost of capital to the City could increase significantly, which would impuge the ability of the City to meet its significant capital needs, thus jeopardizing the health, safety and welfare of the citizens of Memphis.

Revenue Bond Program

The City's sewer revenue bonds ("Revenue Bonds") are governed by an Amended and Restated Master Resolution ("Master Resolution") adopted by the City Council of the City on September 1, 2020. The Master Resolution provides for three lien tiers: Senior Lien Bonds having first lien priority, followed by Junior Lien Bonds with second lien priority, and Other Subordinate Indebtedness with third lien priority (as such terms are defined in the Master Resolution). Within the lien structure set forth in the Master Resolution, Other Subordinated Indebtedness includes all revenue-backed debt not issued under the Master Resolution, including the City's SRF Loans. When the City's SRF Loans are subordinated to the Revenue Bonds issued under the Master Resolution, the City is able to access more favorable interest rates in the market, resulting in savings to the citizens and taxpayers of the City.

The City plans to issue Revenue Bonds of in an amount not-to-exceed $70 million ("Series 2025 Bonds"), through either a negotiated or competitive public sale process and is requesting the City's existing SRF Loans be placed in a subordinate lien position to the proposed Series 2025 Bonds in order to (1) remain in compliance with SRF Policy and (2) maintain parity between the existing Senior Lien Bonds and the proposed Series 2025 Bonds, which will also be issued on a Senior Lien basis.

Sewer System Rate Study

From 2011 through 2020, the City Council instituted several rate increases to increase operating reserves, fund anticipated costs pursuant to the 2012 consent decree ("Consent Decree") between the City, the EPA, the Department of Justice, the Tennessee Department of Environment and Conservation, and the Tennessee Clean Water Network, and fund Sewer System capital needs. Currently, the City is undergoing a sewer rate study in order to adequately plan and adjust rates for the future capital needs of the Sewer System. It is also anticipated that the City will request additional rate increases in the future as necessary and required. The rate study will enable the City's sewer management team to continue the practice of minimizing debt issuances by funding portions of its capital expenditures from cash on hand, thereby maximizing the number of projects and lowering the overall cost of borrowing. This effort, together with the SRF Loans and the Revenue Bond Program, will save the City millions of dollars in interest cost over the next 20 years.

City Participation in the SRF Loan Program

The City has utilized the SRF Program to fund a portion of the City's current $241 million 5-year CIP budget Currently, there are nine (9) SRF loans outstanding or approved in the approximate principal amount of $260.7 million as shown below:

SRF Loans Outstanding (000s)					
Existing	**Purpose**	**Authorized Loan Size**	**Outstanding Balance**	**Completed**	**Status**
SRF #1 - 2006 - 195	Loosahatchie Interceptor	$ 3,989	$	$ 3,989	Amortizing
SRF #2 - 2013 - 309	Stiles (North) Plant	11,602		11,602	Amortizing
SRF #3 - 2013 - 311	Consent Decree	100,000		100,000	Amortizing
SRF #4 - 2015 - 355	Maxson (South) Plant	25,000		25,000	Amortizing
SRF #5 - 2018 - 409	Maxson (South) Plant	11,000		11,000	Amortizing
SRF #6 - 2019 - 421	Consent Decree	6,500		6,500	Amortizing
SRF #7 - 2019 - 434	Maxson (South)	48,000	328		Expending
SRF #8 - 2021 – 451*	Consent Decree	15,000		15,000	Amortizing
SRF #9 - 2024 – 451*	Consent Decree	39,636	39,636		Approved
Total SRF Loans		**$ 260,727**	**$ 39,964**	**$ 173,091**	

*The City's two (2) newest SRF Loans that were not included in the 2020 request for a subordinate lien modification.

Request for Lien Modification

It is the position of the City that granting this lien modification request will not adversely affect the security for or timely payment of the SRF Loans from available Sewer System revenues. The City is currently in compliance with its SRF Loans and covenants and is timely with payments and submissions of its financial information. The Sewer System is fiscally sound and maintains sufficient cash on hand at all times. The City Council has a demonstrated history of raising user fees as necessary and appropriate in order to fund the capital program. The City's outstanding Sewer System revenue debt is highly rated ("AA+" by S&P and "Aa2" by Moody's as of November 22, 2024).

Pursuant to the TLDA SRF Policy & Guidance for Borrowers, a minimum of 1.20x Debt Service Coverage ("DSC") for SRF Loans must be always maintained. Currently, as demonstrated by the financial projections provided as Attachment A, the City expects to exceed 1.20x for all debt outstanding, including SRF Loans. This projected DSC also assumes the City will issue additional Revenue Bond issues over the next ten years. It is the opinion of the City that the request for lien modification would not negatively impact the City's ability to pay debt service on the Revenue Bonds and SRF Loans; and DSC will be adequate as long as the SRF Loans are outstanding.

Factors for Consideration of Lien Modification

- *Compliance with SRF Loans, including the covenants and representations in SRF Loans* - As provided above, the City believes that it is in compliance with the terms of its outstanding SRF Loans.

- *Borrower's history of timely repayments of SRF Loans* - The City affirms that it has consistently made timely payments on its outstanding SRF Loans.

- *Borrower's timely filing of financial statements with the Division of Local Government Audit, Tennessee Comptroller of the Treasury* - The City believes it has timely filed its financial statements with the Division of Local Government Audit, Tennessee Comptroller of the Treasury on behalf of all its outstanding SRF Loans.

- *Borrower's credit rating* - The City's Sewer System bonds are currently rated "AA+" by S&P Global Ratings and "Aa2" by Moody's Ratings. See Attachment B.

- *Purpose and amount of proposed debt issuance* - The City plans to publicly issue the Series 2025 Bonds to fund $64 million of various CIP projects. Because the City seeks to achieve the lowest interest cost possible and remain responsive to changes in the capital markets when issuing the Series 2025 Bonds, the method of sale for the Series 2025 Bonds will either be competitive or negotiated, depending on market conditions. The Series 2025 Bonds will be issued in accordance with the City's Debt Management Policy: https://www.memphistn.gov/wp-content/uploads/2023/05/Appendix-A-Debt-Policy-Final-2-2-21.pdf .

- *Current and proforma (projected) debt service coverage* - The current and proforma projected debt service coverage currently exceeds 1.20x DSC for all Sewer System bonds and SRF Loans, including the proposed bonds. See Attachment A.

- *Amount of unobligated state-shared taxes* – The City will not secure the Series 2025 Bonds with unobligated state shared tax revenues.

- *The Sewer System's reliance on revenues generated from its largest user(s) as a percentage of total system revenues* – The System's ten largest users represents $41.7 million or 26.3% of all Sewer System revenues. See Attachment C.

- *The lien position of the existing SRF debt remains the same or is improved* – The security and the ability to make timely payments for all SRF Loans remains unchanged if the Series 2025 Bonds are granted a senior lien position. As required by applicable bond and loan documents, the City will maintain at all times a minimum coverage of 1.20x DSC for all Sewer System Revenue Bonds and SRF Loans. Pursuant to the SRF Loan Agreements, the City has also made an additional pledge of state-shared taxes for the repayment of the SRF Loans.

- *Impact on the health, safety, and well-being of the people of the State of Tennessee* – Permitting this lien modification will allow the City to more efficiently fund its aggressive capital program. The inability to strategically fund the City's sizeable capital program would be detrimental to the health, safety and well-being of the citizens of Memphis.

Summary

The City would like to emphasize that the Sewer System is represented by an experienced sewer management staff, maintains sufficient revenues at all times in order to service its debt obligations, has the support of the City Council to enact necessary rate increases, maintains strong cash balances in the case of an emergency, and maintains the financial flexibility to adjust its debt decisions when necessary and prudent.

The City is very appreciative of the opportunity to participate in the SRF Program and respectfully requests the TLDA to grant the lien modification. Thank you for the opportunity to present to the TLDA. If you have any questions, please do not hesitate to contact me at (901) 636-6374 or walter.person@memphistn.gov, or André D. Walker, Deputy Chief Financial Officer at (901) 636-6324 or andre.walker@memphistn.gov.

Sincerely,

Walter Person
Chief Financial Officer

c: Andre D. Walker, Deputy Chief Financial Officer
Carol Ward, Debt Coordinator
Cherrell Hawkins, Debt Analyst
Cheryl M. Hearn, Deputy City Attorney
Kyle Wright, Co-Financial Advisor
Lauren S. Lowe, Co-Financial Advisor
Lillian M. Blackshear, Esquire, Co-Disclosure Counsel
T. Kevin Bruce, Esquire, Co-Disclosure Counsel
Miska L. Shaw, Esquire, Co-Bond Counsel
Charles E. Carpenter, Co-Bond Counsel
Corbin I. Carpenter, Esquire, Co-Bond Counsel

Attachment A
City of Memphis, Tennessee
Current and Projected Debt Service Coverage

Fiscal Year	Audited 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033
Total Revenues	$172,938	$176,463	$177,810	$178,450	$185,054	$185,253	$194,311	$193,640	$200,997	$203,429	$212,617
Total Operating Expenses	**$114,373**	**$113,651**	**$116,571**	**$119,580**	**$122,678**	**$125,870**	**$129,157**	**$132,543**	**$136,031**	**$139,623**	**$143,323**
Net Revenue Available for Debt	**$58,565**	**$62,812**	**$61,239**	**$58,870**	**$62,376**	**$59,383**	**$65,153**	**$61,097**	**$64,967**	**$63,806**	**$69,294**
Senior Bond Debt Service											
Existing Senior Revenue Bonds	18,821	18,818	18,798	16,849	14,601	14,598	13,191	13,190	11,739	10,776	10,779
Proposed Senior Revenue Bonds	-	-	1,518	4,412	4,411	4,413	4,416	4,416	4,416	4,412	4,415
WIFIA Loan	20	459	961	1,319	1,367	1,367	1,367	1,367	1,367	1,367	1,367
Subtotal Senior Debt Service	**18,841**	**19,278**	**21,277**	**22,580**	**20,380**	**20,378**	**18,974**	**18,973**	**17,522**	**16,556**	**16,561**
SRF Bond Debt Service (Subordinate)											
Existing SRF Bonds	10,285	12,161	12,157	12,148	12,144	12,134	12,130	12,125	12,121	12,111	12,106
Proposed SRF Bonds	-	-	2,295	2,295	2,295	2,295	2,295	2,295	2,295	2,295	2,295
WIFIA Proposed Loan (Subordinate)	-	-	-	-	-	-	-	-	-	-	-
Subtotal Subordinate Debt Service	**10,285**	**12,161**	**14,452**	**14,443**	**14,439**	**14,429**	**14,425**	**14,420**	**14,416**	**14,406**	**14,401**
Gross Debt Service	**29,127**	**31,439**	**35,729**	**37,023**	**34,818**	**34,807**	**33,399**	**33,393**	**31,937**	**30,961**	**30,961**
Senior Debt Service Coverage	**3.1X**	**3.3X**	**2.9X**	**2.6X**	**3.1X**	**2.9X**	**3.4X**	**3.2X**	**3.7X**	**3.9X**	**4.2X**
Total Debt Service Coverage	**2.0X**	**2.0X**	**1.7X**	**1.6X**	**1.8X**	**1.7X**	**2.0X**	**1.8X**	**2.0X**	**2.1X**	**2.2X**

11/22/2024

11511 Luna Road
Suite 500
Farmers Branch, TX 75234
tel (214) 871-1400
reference no.: 5795001

August 29, 2024

City of Memphis
125 North Main Street
Suite 368
Memphis, TN 38103
Attention: Andre Walker, Deputy Chief Financial Officer

Re: ***Memphis Sewer, Tennessee***

Dear Andre Walker

S&P Global Ratings hereby affirms its rating of "AA+" for the above-referenced obligations and changed the outlook to negative from stable. A copy of the rationale supporting the rating and outlook is enclosed.
This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

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Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

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Sincerely yours,

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bc
enclosure

S&P Global Ratings

S&P Global Ratings
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7 World Trade Center
250 Greenwich Street
New York 10007
www.moodys.com

September 2, 2020

Mr. André Walker
Deputy Director of Finance
Memphis (City of) TN
125 N. Main St.
Memphis, TN 38103

Dear Mr. Walker,

We wish to inform you that on August 31, 2020, Moody's Investors Service reviewed and assigned a rating of Aa2 to Memphis (City of) TN Sanitary Sewer Enterprise, Sanitary Sewerage System Revenue and Revenue Refunding Bonds, Series 2020B and a rating of Aa2 to Memphis (City of) TN Sanitary Sewer Enterprise, WIFIA Loan Project (T.E. Maxson Wastewater Treatment Facility Process and Biosolids Upgrade Program).

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on www.moodys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodys.com and may be further distributed as otherwise agreed in writing with us.

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Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

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September 2, 2020

Mr. André Walker
Deputy Director of Finance
Memphis (City of) TN
125 N. Main St.
Memphis, TN 38103

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Any non-public information discussed with or revealed to you must be kept confidential and only disclosed either (i) to your legal counsel acting in their capacity as such; (ii) to your other authorized agents acting in their capacity as such with a need to know that have entered into non-disclosure agreements with Moody's in the form provided by Moody's and (iii) as required by applicable law or regulation. You agree to cause your employees, affiliates, agents and advisors to keep non-public information confidential.

If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact the analyst assigned to this transaction, Susanne Siebel at 212-553-1809.

Sincerely,

Moody's Investors Service Inc.

Moody's Investors Service Inc.

cc: Ms. Pamela Clary, CIPMA
ComCap Partners
1708 Monroe Avenue
Memphis, TN 38174

Ten Largest Industrial Customers

This table presents the 10 largest industrial customers of the System for the Fiscal Year ended June 30, 2024.

CITY OF MEMPHIS SANITARY SEWERAGE SYSTEM
TEN LARGEST INDUSTRIAL CUSTOMERS
FOR FISCAL YEAR 2024[(1)(2)]

Name	Total Sewer Fee[(3)(4)]	Annual Flow (Millions of Gallons)[(5)]
Solae LLC	$ 14,775	1,315
Covora Mining Solutions (Chemours)	5,087	1,532
Memphis Cellulose LLC	4,648	1,224
KTG Corp.	3,574	665
American Yeast Corp.	2,640	219
Valero Refinery	2,601	855
PMC Biogenix Inc.	2,437	487
Blues City Brewery	2,353	404
Riviana Foods Inc.	1,853	130
Fleischmann's Yeast Inc.	1,700	1,575
Total of 10 Largest Industrial Customers	$ 41,668	8,406
Percent of Overall System Total	26.3%	15.0%
System Total[(6)]	$158,293	55,918

(1) Totals may not add due to rounding
(2) Ranked by total sewer fees.
(3) Total Sewer Fee includes charges for BOD, TSS, COD and flow.
(4) Amounts rounded to thousands.
(5) The reference to "Flow (Millions of Gallons)" in this table was amended from previous disclosure filings to "Annual Flow (Millions of Gallons)."
(6) Total sewer fee represents Operating Revenues which is consistent with historical data presented in previous years.

Source: City of Memphis, Tennessee, Division of Public Works.

December 16, 2024

Paris Utilities Authority
Approval to Issue Debt and Modification of Lien Position

The Paris Utilities Authority (the "Authority") is requesting approval from the Tennessee Local Development Authority (the "TLDA") to issue Water and Sewer USDA Rural Development Revenue Bonds (the "USDA Bonds") in an amount not to exceed $7,946,000 on parity with its outstanding Parity Lien Obligations[1]. In addition, the Authority is also requesting to issue Bond Anticipation Notes (the "BANs") in an amount not to exceed $7,946,000 subordinate to all the Authority's outstanding debt. The BANs will be issued during the construction period not to exceed three (3) years and will be payable from the USDA Bonds at maturity. Approval for the Authority to issue additional debt and modify lien position is required by provisions set forth in the State Revolving Fund (SRF) loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

1. The requestor is a:

__X__ Utility District, Energy Authority, or Water/Wastewater Authority

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

___ Municipality (town/city/county)

____ General Obligation Debt

____ Revenue Debt – Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? __Yes __X__ No

2. Lien Position:

__X__ The borrower is requesting that the USDA Bonds be issued on parity with its outstanding Parity Lien Obligations. The borrower is also requesting to issue BANs subordinate to its outstanding debt.

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

---

[1] The outstanding Parity Lien Obligations include its outstanding SRF loans and its Water and Water and Sewer Revenue Bond, Series 2020C, dated June 30, 2020, and Water and Sewer Revenue Bond, Series 2020, dated June 30, 2020, Water System Revenue Bond, Series 2021, dated September 30, 2021, and Water and Sewer System Revenue Bonds, Series 2024, dated November 12, 2024.

In the second and subordinate lien position, the Authority currently has outstanding its Water and Wastewater System Revenue Bond, Series 2023, dated June 1, 2023, also payable solely from and secured by a lien on the net revenues of the System.

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

3. The purpose of the proposed debt issuance is:

_____ Refunding

__X__ New Money

4. Additional Information:

The USDA Bond and the BANs proceeds will be used to finance improvements and extensions to the Authority's water and sewer system. If the TLDA consents to this proposal, all of the Authority's obligations would be secured by a shared senior lien position after the maturity of the Series 2023 Bond on June 1, 2028. The Authority believes that the TLDA's consent to these requests is in the public interest insofar as it will preserve the Authority's ability to incur future debt on a shared senior lien basis, thereby minimizing interest costs payable by System ratepayers. The Authority understands that under applicable State guidelines, all future debt of the Authority must be first approved by TLDA.

5. The debt rating of the borrower is:
Please indicate N/R if not rated.

__N/R__ Moody's

__N/R__ Standard and Poor's

__N/R__ Fitch

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

Borrower	Paris Utility Authority						
Date	11/27/2024						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @ 11/27/2024	MADS*
Sewer	SRF 17-382	Repayment	3,600,000.00	-	-	3,190,071.00	148,678.00
Sewer	CW5 17-381	Repayment	1,500,000.00	-	15%	1,029,011.00	52,656.00
Water	DW4 15-163	Repayment	2,500,000.00	-	25%	1,250,205.00	106,416.00
Water	DWF 15-164	Repayment	950,000.00	-	-	618,165.00	53,916.00
Water	DWF 16-178	Repayment	499,654.00	-	-	370,056.00	27,180.00
Water	DWF 17-195	Repayment	750,000.00	-	-	519,290.00	42,120.00
			9,799,654.00	-		6,976,798.00	430,966.00
*MADS is an estimate until final expenses have been determined							
*Before funds are disbursed on a loan, a security deposit equal to MADS is required to be deposited with the TLDA							

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

__X__ Yes ____ No

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

_X_ Yes ____ No

Amount on deposit: $430,966

c. State-Shared Taxes (Municipalities) [8.] N/A

$_________ SSTs received in prior fiscal year
$_________ Total MADs (with SST pledge)
$_________ Unobligated SSTs

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

The Authority has timely filed its audited financial statements with the Division of Local Government Audit through the fiscal year ended June 30, 2023, within six months after fiscal year end.

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

_X_ Yes ____ No

For the fiscal year ended June 30, 2024, audited financial statements for the water and wastewater operations of Paris Utility Authority reflected operating income of $942,931 and a positive change in net position of $839,218. The statement of cash flows reflected debt service payments for FY24 of $1,354,876.

The water and wastewater operation of Paris Utility Authority reported $614,165 in unrestricted cash and cash equivalents.

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

The current and projected Debt Service Coverage Ratio meets or exceeds 1.2 times.
_X_ Yes ___ No

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

Most Recent Fiscal Year (m)(3):

For fiscal years 2023 through 2024 the Authority reported the following debt service coverage ratios.

Fiscal Year	Water Fund	Sewer Fund
2023	1.52	1.38
2024	1.55	1.41

The Authority has met the debt service coverage requirement for fiscal year 2023.

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

Fiscal years 2023 and 2024 are before the issuance of the new debt and fiscal years 2025-2027 are post issuance. The bonds will be issued with a shared revenue pledge from both water and sewer; however, separate coverage ratios are shown because these independent funds must be maintained separately and cannot support one another.

Fiscal Year	Water Fund	Sewer Fund
2025	1.30	1.32
2026	1.24	1.38
2027	1.97	1.41

g. **Is the entity currently under the jurisdiction of the Tennessee Board of Utility Regulation (TBOUR)?**
[*7.(n)*]

____ Yes ___X_ No

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. **Has the entity adopted and filed a budget with the Comptroller's Office pursuant to Tenn. Code Ann. § 4-3-305?**

_X___ Yes _____ No

9. **For recently created systems, has TBOUR approved a petition for the incorporation of the system?**

____ Yes ____ No _X__ N/A

10. **Conclusion**

Based on our analysis, it appears the Authority meets the TLDA's criteria to issue the USDA Bonds on parity with its outstanding Parity Lien Obligations and to issue the BANs subordinate to its outstanding debt.

Attachments:

Debt Service Coverage and Financial Projections

PARIS UTILITY AUTHORITY

December 5, 2024

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

Ms. Sandra Thompson, Assistant Secretary
Tennessee Local Development Authority
Cordell Hull Building
425 Fifth Avenue North
Nashville, Tennessee 37243

RE: Paris Utility Authority

Dear Sandi:

The Paris Utility Authority (the "Authority") wishes to consider the issuance of up to $7,946,000 of water and sewer system revenue bonds (the "USDA Bonds") to the United States Department of Agriculture, acting through Rural Development, to finance improvements and extensions to the Authority's water and sewer system (the "System").

The Authority currently has outstanding the following debt obligations also payable solely from and secured by a lien on the net revenues of the System in a first lien position: State Revolving Fund Loans known as DW4 2015-163, DWF 2015-164, DWF 2016-178, DWF 2017-195, CW5 2017-381, and SRF 2017-382 (collectively, the "SRF Loan Agreements"), Water and Sewer Revenue Bond, Series 2020C, dated June 30, 2020 and Water and Sewer Revenue Bond, Series 2020D, dated June 30, 2020 (collectively, the "Series 2020 Bonds"), Water System Revenue Bond, Series 2021, dated September 30, 2021 (the "Series 2021 Bond"), and Water and Sewer System Revenue Bonds, Series 2024, dated November 12, 2024 (the "Series 2024 Bonds," and together with the SRF Loan Agreements, the Series 2020 Bonds, and the Series 2021 Bond, the "Outstanding Parity Lien Obligations"). In the second and subordinate lien position, the Authority currently has outstanding its Water and Wastewater System Revenue Bond, Series 2023, dated June 1, 2023, also payable solely from and secured by a lien on the net revenues of the System.

The Authority is proposing the USDA Bonds to be payable solely from and secured by a lien on the net revenues of the System, on parity with the Outstanding Parity Lien Obligations. Pursuant to TLDA's guidelines, we hereby request that TLDA consent to the issuance of the USDA Bonds on parity with the SRF Loan Agreements.

If TLDA consents to this proposal, all of the Authority obligations would be secured by a shared senior lien position after the maturity of the Series 2023 Bond on June 1, 2028. We believe that TLDA's consent to these requests is in the public interest insofar as it will preserve the Authority's ability to incur future debt on a shared senior lien basis, thereby minimizing interest costs payable by System ratepayers. We understand that under applicable State guidelines, all future debt of the Authority must be first approved by TLDA.

The current and proposed debt service requirements are attached as Exhibit A, the current and pro forma debt service coverage is attached as Exhibit B, and the proposed bond resolution for the USDA Bonds is attached as Exhibit C.

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

1. The Authority is in compliance with the terms of the SRF Loan Agreements.
2. The Authority has never failed to timely repay the SRF Loans.
3. The Authority has filed its audited financial statements with the Division of Local Government Audit in a timely manner.
4. The capital improvement project being financed with the proceeds of the USDA Bonds is a replacement of a waterline that is vitally important to the health and welfare of the citizens within the Authority's service area.

The Authority also requests to issue bond anticipation notes in a par amount not to exceed $7,946,000 during the construction of the waterline. The term of the notes will not exceed three (3) years, and the notes will be payable from the USDA Bonds at maturity. The notes will be subordinate to all other outstanding debt of the Authority.

I am happy to answer any questions you may have. Please also feel free to contact our bond counsel, Jeff Oldham or Alex Samber, of Bass, Berry & Sims.

Thanks for your help.

Yours truly,

Terry Wimberley, President/CEO

EXHIBIT A

(See Attached)

PARIS BPU DEBT SERVICE OVERVIEW

	TOTAL EXISTING DEBT						SERIES 2026 USDA			ANTICIPATED AGGREGATE DEBT SERVICE				
	TOTAL WATER			TOTAL SEWER DEBT					USDA Loan of $7,946,000	POST ISSUANCE			BREAKOUT	
FY	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total New Debt Service	Principal	Interest	Total Combined Debt Service	Total Water	Total Sewer
2024	415,690	132,070	547,760	438,591	175,336	613,927		-	-	854,281	307,406	1,161,687	547,760	613,927.00
2025	515,027	215,041	730,068	467,625	199,591	667,216		155,610.00	155,610	982,652	570,242	1,552,894	885,678	667,216.08
2026	494,416	271,660	766,076	441,700	209,809	651,509	107,656	486,978.13	594,634	1,043,772	968,447	2,012,219	1,360,710	651,509.00
2027	508,855	252,721	761,576	450,827	198,737	649,564	110,792	223,900.05	334,692	1,070,474	675,358	1,745,832	1,096,268	649,564.00
2028	518,371	232,705	751,076	455,022	187,354	642,376	114,020	220,672.48	334,692	1,087,413	640,731	1,728,144	1,085,768	642,376.00
2029	533,101	211,975	745,076	355,265	175,921	531,186	117,341	217,350.88	334,692	1,005,707	605,247	1,610,954	1,079,768	531,186.00
2030	417,548	190,778	608,326	364,571	169,615	534,186	120,760	213,932.49	334,692	902,879	574,325	1,477,204	943,018	534,186.00
2031	427,245	181,081	608,326	368,938	162,997	531,935	124,277	210,414.56	334,692	920,460	554,493	1,474,953	943,018	531,935.00
2032	431,985	171,091	603,076	378,370	155,315	533,685	127,898	206,794.13	334,692	938,253	533,200	1,471,453	937,768	533,685.00
2033	443,097	160,775	603,872	382,853	149,333	532,186	131,624	203,068.20	334,692	957,574	513,176	1,470,750	938,564	532,186.00
2034	452,981	150,165	603,146	392,398	139,287	531,685	135,458	199,233.76	334,692	980,837	488,686	1,469,523	937,838	531,685.00
2035	456,586	138,990	595,576	397,008	134,927	531,935	139,404	195,287.60	334,692	992,998	469,205	1,462,203	930,268	531,935.00
2036	466,579	128,997	595,576	406,683	128,053	534,736	143,466	191,226.48	334,692	1,016,728	448,276	1,465,004	930,268	534,736.00
2037	467,971	118,608	586,579	411,434	120,902	532,336	147,645	187,047.07	334,692	1,027,050	426,557	1,453,607	921,271	532,336.00
2038	325,675	108,674	434,349	421,224	113,711	534,935	151,946	182,745.89	334,692	898,845	405,131	1,303,976	769,041	534,935.00
2039	283,932	100,080	384,012	426,105	106,230	532,335	156,373	178,319.43	334,692	866,410	384,629	1,251,039	718,704	532,335.00
2040	266,576	91,568	358,144	436,041	98,695	534,736	160,928	173,764.00	334,692	863,545	364,027	1,227,572	692,836	534,736.00
2041	269,017	82,727	351,744	441,052	90,883	531,935	165,616	169,075.85	334,692	875,685	342,686	1,218,371	686,436	531,935.00
2042	276,497	73,847	350,344	451,120	83,016	534,136	170,441	164,251.15	334,692	898,058	321,114	1,219,172	685,036	534,136.00
2043	284,007	64,537	348,544	461,254	74,882	536,136	175,406	159,285.88	334,692	920,667	298,705	1,219,372	683,236	536,136.00
2044	286,553	54,791	341,344	466,479	66,457	532,936	180,516	154,175.97	334,692	933,548	275,424	1,208,972	676,036	532,936.00
2045	189,134	45,010	234,144	374,594	54,442	429,036	185,775	148,917.20	334,692	749,503	248,369	997,872	568,836	429,036.00
2046	191,752	42,392	234,144	414,296	56,138	470,434	191,187	143,505.24	334,692	797,235	242,035	1,039,270	568,836	470,434.00
2047	194,405	39,739	234,144	402,574	47,162	449,736	196,756	137,935.61	334,692	793,735	224,837	1,018,572	568,836	449,736.00
2048	197,094	37,050	234,144	381,859	41,892	423,751	202,488	132,203.73	334,692	781,441	211,146	992,587	568,836	423,751.00
2049	199,821	34,323	234,144	360,250	39,829	400,079	208,387	126,304.86	334,692	768,458	200,457	968,915	568,836	400,079.00
2050	202,587	31,557	234,144	365,120	31,961	397,081	214,458	120,234.14	334,692	782,165	183,752	965,917	568,836	397,081.00
2051	205,390	28,754	234,144	257,933	27,581	285,514	220,705	113,986.58	334,692	684,028	170,322	854,350	568,836	285,514.00
2052	208,231	25,913	234,144	223,688	24,713	248,401	227,135	107,557.01	334,692	659,054	158,183	817,237	568,836	248,401.00
2053	211,113	23,031	234,144	226,499	21,900	248,399	233,752	100,940.15	334,692	671,364	145,871	817,235	568,836	248,399.00
2054	214,034	20,110	234,144	229,347	19,053	248,400	240,561	94,130.51	334,692	683,942	133,294	817,236	568,836	248,400.00
2055	216,997	17,147	234,144	232,230	16,170	248,400	247,570	87,122.50	334,692	696,797	120,440	817,236	568,836	248,400.00
2056	220,002	14,142	234,144	235,150	13,250	248,400	254,782	79,910.34	334,692	709,934	107,302	817,236	568,836	248,400.00
2057	223,042	11,102	234,144	238,105	10,294	248,399	262,204	72,488.07	334,692	723,351	93,884	817,235	568,836	248,399.00
2058	226,130	8,014	234,144	241,100	7,300	248,400	269,842	64,849.59	334,692	737,072	80,164	817,236	568,836	248,400.00
2059	229,257	4,887	234,144	244,131	4,269	248,400	277,703	56,988.56	334,692	751,091	66,145	817,236	568,836	248,400.00
2060	231,186	1,714	232,900	209,202	1,218	210,420	285,793	48,898.54	334,692	726,181	51,831	778,012	567,592	210,420.00
2061							294,119	40,572.81	334,692	294,119	40,573	334,692	334,692	-
2062							302,687	32,004.57	334,692	302,687	32,005	334,692	334,692	-
2063							311,505	23,186.74	334,692	311,505	23,187	334,692	334,692	-
2064							320,580	14,112.02	334,692	320,580	14,112	334,692	334,692	-
2065							316,443	18,248.90	334,692	316,443	18,249	334,692	334,692	-
	$ 11,901,884	$ 3,517,766	$ 15,419,650	$ 13,450,638	$ 3,358,223	$ 16,808,861	$ 7,946,000	$ 5,857,232	$ 13,803,232	$ 31,753,187	$ 12,605,096	$ 44,358,283	27,549,422.12	16,808,861.08
											MADS	2,012,219	1,360,710	667,216

EXHIBIT B

(See Attached)

PARIS BPU - WATER AND SEWER COVERAGES

	Preliminary Coverage Calulations - FYE 06/30/2023			Preliminary Coverage Calulations - FYE 06/30/2024			Preliminary Coverage Calulations - FYE 06/30/2025			Preliminary Coverage Calulations - FYE 06/30/2026			Preliminary Coverage Calulations - FYE 06/30/2027		
	Water	**Sewer**	**Water/Wastewater Combined**	**Water**	**Sewer**	**Water/Wastewater Combined**	**Water**	**Sewer**	**Water/Wastewater Combined**	**Water**	**Sewer**	**Water/Wastewater Combined**	**Water**	**Sewer**	**Water/Wastewater Combined**
Operating Revenues:	$ 2,878,207	$ 2,844,598	$ 5,722,805	$ 2,935,771	$ 2,901,490	$ 5,837,261	$ 3,280,000	$ 2,959,520	$ 6,239,520	$ 3,866,686	$ 3,018,710	$ 6,885,396	$ 4,375,807	$ 3,079,084	$ 7,454,891
Operating Expenses:	(2,644,781)	(2,404,555)	(5,049,336)	(2,697,677)	(2,452,646)	(5,150,323)	(2,751,630)	(2,501,699)	(5,253,329)	(2,806,663)	(2,551,733)	(5,358,396)	(2,862,796)	(2,602,768)	(5,465,564)
Total Operating Expenses:	$ 233,426	$ 440,043	$ 673,469	$ 238,095	$ 448,844	$ 686,938	$ 528,370	$ 457,821	$ 986,191	$ 1,060,023	$ 466,977	$ 1,527,000	$ 1,513,011	$ 476,317	$ 1,989,328
Other Income (Expense):															
Interest Income:	$ 4,053	$ 1,036	$ 5,089	$ 4,134	$ 1,036	$ 5,170	$ 4,217	$ 1,036	$ 5,253	$ 4,301	$ 1,036	$ 5,337	$ 4,387	$ 1,036	$ 5,444
Other Revenue:	519	789	1,308	529	805	1,334	540	821	1,361	551	837	1,388	562	854	1,416
Interest Expense:	(134,327)	(162,176)	(296,503)	(132,070)	(175,336)	(307,406)	(370,651)	(199,591)	(570,242)	(758,638)	(209,809)	(968,447)	(476,621)	(198,737)	(675,358)
Other Expense	(674)	(1,033)	(1,707)	(687)	(1,054)	(1,741)	(701)	(1,075)	(1,776)	(715)	(1,096)	(1,811)	(730)	(1,118)	(1,848)
Net Other Expenses:	$ (130,429)	$ (161,384)	$ (291,813)	$ (128,094)	$ (174,549)	$ (302,643)	$ (366,596)	$ (198,809)	$ (565,405)	$ (754,502)	$ (209,032)	$ (963,533)	$ (472,402)	$ (197,965)	$ (670,346)
Income Before Contributions and Transfers:	$ 102,997	$ 278,659	$ 381,656	$ 110,000	$ 274,295	$ 384,295	$ 161,774	$ 259,012	$ 420,786	$ 305,522	$ 257,945	$ 563,467	$ 1,040,609	$ 278,352	$ 1,318,982
Contributions:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers Out (City PILOT):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Net Position:	$ 102,997	$ 278,659	$ 381,656	$ 110,000	$ 274,295	$ 384,295	$ 161,774	$ 259,012	$ 420,786	$ 305,522	$ 257,945	$ 563,467	$ 1,040,609	$ 278,352	$ 1,318,982
Add:															
Depreciation:	$ 592,772	$ 407,923	$ 1,000,695	$ 604,627	$ 416,081	$ 1,020,709	$ 616,720	$ 424,403	$ 1,041,123	$ 629,054	$ 432,891	$ 1,061,946	$ 641,635	$ 441,549	$ 1,083,184
Taxes (County PILOT/Other):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense:	134,327	162,176	296,503	132,070	175,336	307,406	370,651	199,591	570,242	758,638	209,809	968,447	476,621	198,737	675,358
Transfers (City PILOT):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Available for Debt Service:	$ 830,096	$ 848,758	$ 1,678,854	$ 846,698	$ 865,712	$ 1,712,410	$ 1,149,145	$ 883,006	$ 2,032,151	$ 1,693,214	$ 900,645	$ 2,593,860	$ 2,158,866	$ 918,638	$ 3,077,524
Annual Debt Service Post New Issuance (2025 and Beyond):	$ 547,760	$ 613,927	$ 1,161,687	$ 547,760	$ 613,927	$ 1,161,687	$ 885,678	$ 667,216	$ 1,552,894	$ 1,360,710	$ 651,509	$ 2,012,219	$ 1,096,268	$ 649,564	$ 1,745,832
Estimated Debt Service Coverage:	**151.54%**	**138.25%**	**144.52%**	**154.57%**	**141.01%**	**147.41%**	**129.75%**	**132.34%**	**130.86%**	**124.44%**	**138.24%**	**128.91%**	**196.93%**	**141.42%**	**176.28%**

Notes: FY 2026 and FY 2026 projected revenues include anticipated revenue increases proposed by an external rate consultant's recent rate study conducted for the Authority. These proposed rate increases have been shared with the PUA Board, but they have not been approved.
The BAN principal payment of $7,946,000 is presumed to be due on 6/20/2026. It will be immediately refinanced by the long-term USDA loan.

EXHIBIT C

(See Attached)

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF UP TO $7,946,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BOND OF THE PARIS UTILITY AUTHORITY AND MAKING PROVISION FOR THE OPERATION OF THE AUTHORITY AND THE COLLECTION AND DISPOSITION OF ITS REVENUES.

BE IT RESOLVED by the Board of Directors of the Paris Utility Authority, as follows:

1. Authority; Findings.

a. The Paris Utility Authority (the "Authority") is duly incorporated pursuant to the Municipal Energy Authority Act, Sections 7-36-101 et seq., Tennessee Code Annotated (the "Act").

b. The Authority owns and operates a water and sewer system (the "System").

c. The Authority has issued and presently has outstanding its Water and Sewer Revenue Bond, Series 2020C, dated June 30, 2020, and Water and Sewer Revenue Bond, Series 2020D, dated June 30, 2020 (the "Series 2020 Bonds"), its Water System Revenue Bond, Series 2021, dated September 30, 2021 (the "Series 2021 Bond"), and its Water and Sewer System Revenue Bonds, Series 2024, dated November 12, 2024 (the "Series 2024 Bonds"), payable solely from and secured by a lien on the net revenues of the System, pursuant to a resolution of the Board of Directors of the Authority adopted on June 4, 2020, as supplemented by resolutions of the Board of Directors of the Authority adopted on September 30, 2021 and September 24, 2024 (the "Master Resolution").

d. Section 7-36-113 of the Act authorizes the Authority to issue bonds and use the proceeds to finance capital improvements to the System.

e. The Board of Directors of the Authority also finds that it is advisable to finance certain improvements and extensions to the System.

f. The United States of America, acting by and through Rural Utilities Service, United States Department of Agriculture ("Rural Development"), has issued to the Authority its Letter of Conditions dated August 15, 2023, as may be amended from time to time (collectively, the "Letter of Conditions"), in which it has proposed to assist in the financing of capital improvements to the System through the purchase of bonds on terms and conditions favorable to the Authority and its customers.

g. The proposed bond will be issued on parity with the Outstanding Parity Lien Obligations (as defined herein) under the terms, conditions and authority of the Master Resolution.

h. The Authority is a party to those certain State Revolving Fund Loan Agreements, identified as DW4 2015-163, DWF 2015-164, DWF 2016-178, DWF 2017-195, CW5 2017-381, and SRF 2017-382 (collectively, the "SRF Loan Agreements"), with the Tennessee Local Development Authority (the "TLDA") and the Tennessee Department of Environment and Conservation ("TDEC"), the proceeds of which were used to finance improvements to the System.

i. The Authority will not issue the proposed bond until the TLDA has agreed that the proposed bond may be issued on parity with the SRF Loan Agreements relative to the pledge of revenues of the System.

2. Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed by the Master Resolution. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

a. "Act" shall have the meaning ascribed in Section 1.

b. "Authority" shall have the meaning ascribed in Section 1.

c. "Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder.

d. "Construction Fund" means the Rural Development Construction Fund established herein.

e. "Fiscal Year" means the fiscal year adopted by the Authority from time to time.

f. "Letter of Conditions" shall have the meaning ascribed in Section 1.

g. "Master Resolution" shall have the meaning ascribed in Section 1.

h. "Notes" shall mean the bond anticipation notes authorized to be issued pursuant to the terms of Section 6 hereof.

i. "Outstanding Parity Lien Obligations" shall mean, collectively, the Series 2020 Bonds, the Series 2021 Bond, the Series 2024 Bonds and the SRF Loan Agreements.

j. "Projects" shall mean the capital improvements to the System contemplated by the Letter of Conditions, and all capital costs related thereto.

k. "Reserve Fund Requirement" means, for the Rural Development Bonds authorized herein, an amount equal to the annual debt service requirement on the Rural Development Bonds; provided that such Requirement shall begin at zero and increase monthly, commencing one month from the date of the issuance of the Rural Development Bonds and each month thereafter, in an amount equal to 10% of the annual debt service requirement on the Rural Development Bonds until an amount equal to one year's debt service on the Rural Development Bonds has been accumulated.

l. "Rural Development" shall have the meaning ascribed in Section 1.

m. "Rural Development Bonds" means not to exceed $7,946,000 in aggregate principal amount of revenue bonds authorized to be issued by this Resolution.

n. "Series 2020 Bonds" shall have the meaning ascribed in Section 1.

o. "Series 2021 Bond" shall have the meaning ascribed in Section 1.

p. "Series 2024 Bonds" shall have the meaning ascribed in Section 1.

q. “SRF Loan Agreements” shall have the meaning ascribed in Section 1.

r. “TDEC” shall have the meaning ascribed in Section 1.

s. “TLDA” shall have the meaning ascribed in Section 1.

3. Authorization and Terms of the Rural Development Bonds.

a. General Terms. The Governing Body hereby authorizes the issuance of revenue bonds of the Authority in an aggregate principal amount up to $7,946,000 (the “Rural Development Bonds”). The Rural Development Bonds may be issued as a single bond or in multiple emissions. The Rural Development Bonds shall be issued to Rural Development in exchange for the payment of a price equal to 100% of the par amount thereof.

1) The Rural Development Bonds shall be issued to:

a) finance the costs of the Projects; and

b) retire the principal of and, with the consent of Rural Development, interest on the Notes, if any; and

c) pay costs of issuing the Rural Development Bonds.

2) Each Rural Development Bond shall be known as a “Water and Sewer Revenue Bond” or such other name as may be selected by the President. A series designation indicating the year of issuance and such other distinctions as may be directed by the President shall be added to the name of each Rural Development Bond.

3) Each Rural Development Bond shall be dated the date of its delivery.

4) Each Rural Development Bond shall bear interest at a rate not to exceed 2.875% per annum and shall be payable in not more than 480 equal monthly installments of principal and interest in an amount sufficient to fully amortize the Rural Development Bond over the period of such installments. The monthly principal and interest payment on the Rural Development Bonds at the maximum term, par amount and interest rate is $27,891.00. The first installment of debt service on each Rural Development Bond shall be due and payable one month following the date of its issuance, but in no event later than the 28th day of the month of such first payment, and all subsequent installments shall be due and payable on the same day of each month thereafter. In all events the final installment shall be in the amount of the entire unpaid balance of principal and interest on the Rural Development Bond. All payments of principal and interest on each Rural Development Bond shall be made directly to the registered owner thereof at its address shown on the bond registration records of the Authority, without, except for final payment, the presentation or surrender of such Rural Development Bond, and all such payments shall discharge the obligation of the Authority in respect of such Rural Development Bond to the extent of the payments so made. The records of the owner of each Rural Development Bond shall be conclusively presumed to be correct with respect to amounts of payments made and outstanding principal

balance. Upon final payment, each Rural Development Bond shall be submitted to the Secretary of the Board of Directors of the Authority, as bond registrar, for cancellation.

5) Notwithstanding anything herein to the contrary, the Rural Development Bonds shall not be sold until the TLDA consents to the Rural Development Bonds being issued on parity with the SRF Loan Agreements relative to the pledge of revenues of the System.

b. The Authority shall have the right, at its option, to prepay each Rural Development Bond or any installment thereof, in whole or in part, at any time, without penalty. Any partial prepayment shall be applied to the installments last to become due under the Rural Development Bond and shall not affect the obligation of the Authority to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner of the Rural Development Bond not less than thirty (30) days prior to the date of prepayment unless waived by the registered owner.

c. The Authority hereby appoints the Secretary of the Authority to act on behalf of the Authority as registrar and paying agent for the Rural Development Bonds. Each Rural Development Bond is transferable by the registered owner thereof, or by its attorney duly authorized in writing, on the registration books of the Authority, upon presentation of the Rural Development Bond to the registrar for transfer with the form of assignment attached thereto completed in full and signed with the name of the registered owner. All transferees shall take the Rural Development Bond subject to such condition. The Authority may treat the registered owner as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary whether or not any payments due on the Rural Development Bond shall be overdue. The registrar is hereby authorized to authenticate and deliver each Rural Development Bond to Rural Development, upon receipt by the Authority of the proceeds of the sale thereof and to authenticate and deliver Rural Development Bonds in exchange for Rural Development Bonds of the same principal amount delivered for transfer upon receipt of the Rural Development Bonds to be transferred in proper form with proper documentation as hereinabove described. The Rural Development Bonds shall not be valid for any purpose unless authenticated by the registrar by the manual signature thereof on the certificate set forth herein on the Rural Development Bond form.

d. The Rural Development Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf of the Authority, by the President and attested by the Secretary.

4. Form of Rural Development Bonds. The Rural Development Bonds shall be in substantially the form attached hereto as Exhibit A. The form of the Rural Development Bond set forth in Exhibit A hereto shall be conformed to reflect any changes authorized herein.

5. Source of and Security for Payment.

a. The Rural Development Bonds shall be payable solely from and secured by a pledge of the Net Revenues on a parity and equality of lien with the Outstanding Parity Lien Obligations and any bonds hereafter issued on parity therewith. The punctual payment of principal of and premium, if any, and interest on the Rural Development Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Rural Development Bonds do not constitute a debt of the State of Tennessee, or any political subdivision thereof, or municipal corporation therein, other than the Authority, and no holder of the Rural Development Bonds shall have recourse to the taxing power of any such entities.

b. For the further protection of the registered owners of the Rural Development Bonds, a statutory lien in the nature of a mortgage lien upon the System is granted and created by the Act, on parity with the mortgage lien heretofore established in favor of the Outstanding Parity Lien Obligations, which said statutory mortgage lien is hereby recognized as valid and binding upon the Authority and to be a lien upon the System and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal and interest on the Rural Development Bonds.

6. Authorization of Notes.

a. The Governing Body hereby authorizes the issuance of one or more revenue bond anticipation notes in the maximum aggregate principal amount equal to the maximum principal amount of the Rural Development Bonds (the "Notes"). The proceeds of the Notes shall also be used to pay Project costs, legal, fiscal and engineering costs incident thereto, bond issuance costs and, with the consent of Rural Development, interest during construction of the Project and for six (6) months thereafter. Any Note proceeds not immediately applied to the purposes described in the preceding sentence shall be deposited to the Construction Fund and applied as all other funds held therein. Each Note shall be in the form of a fully registered note, without coupons, shall be known as Water and Sewer Revenue Bond Anticipation Note, together with a series designation further identifying the Note, as selected by the President, and shall be dated as of the date of its delivery.

b. Each Note shall mature not later than three years from its issuance, shall bear interest at a rate not to exceed the maximum rate permitted by applicable law, payable at such time as the President shall designate, and shall be subject to prepayment upon such terms as the President shall designate.

c. The President shall select the purchaser(s) of the Notes and cause the Notes to be sold to such purchaser(s) at a price of par. In connection therewith, the President is authorized to establish the remaining terms of the Notes, without further action by the Governing Body. The President and Secretary of the Authority are authorized to execute and deliver the Notes, to execute such certificates and documents and to take such other actions as they shall deem necessary to further evidence the Authority's obligations under the Notes. The Notes may also be issued to Rural Development, upon the terms otherwise provided herein, in which case the Notes shall also bear the designation of "Interim Certificates of Indebtedness." The purchase price paid by Rural Development for the Rural Development Bonds shall be reduced by the outstanding principal amount of and, with Rural Development's consent, interest on Interim Certificates held by it, and such Interim Certificates shall be delivered by Rural Development to the Authority at the time of delivery of the Rural Development Bonds.

d. The Notes shall be payable primarily from the proceeds of the Rural Development Bonds. The Notes are additionally payable from and secured by a pledge of the Net Revenues of the System, subject and subordinate to the pledge of Net Revenues in favor of the Outstanding Parity Lien Obligations and any then-issued Rural Development Bonds. A corresponding statutory lien on the System is granted and created by the Act in favor of the holders of the Notes.

e. Pursuant to the Act, the approval of the Comptroller's office is not required for the issuance of the Notes because the Rural Development Bonds will be issued to a federal agency.

f. The Governing Body hereby approves the renewal and extension of any Notes issued hereunder, without further action of the Governing Body, to the extent such Notes have matured (or are scheduled to mature) and the Rural Development Bonds have not and will not be issued in time to retire the maturing Notes.

7. Application of Proceeds of Rural Development Bonds and Other Authority Funds.

a. The proceeds from the sale of the Rural Development Bonds shall be immediately applied, together with any amounts described in subsection (b) below, in the following order:

1) To the retirement of any outstanding Notes; and

2) For deposit to a separate and segregated fund to be known as the "Rural Development Construction Fund," and for further application solely to the costs of the Projects (by payment to third parties or reimbursement of the Authority for prior payments) and costs of issuance of the Rural Development Bonds. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in the Construction Fund. Moneys in the Construction Fund shall be invested as directed by an authorized representative of the Authority in such investments as shall be permitted by State law. All income derived from such investments shall be retained in the Construction Fund. Any funds remaining in the Construction Fund after completion of the Projects and payment of authorized expenses shall be paid to Rural Development in prepayment of the Rural Development Bonds.

b. Upon the issuance of the Rural Development Bonds, the Authority shall apply funds to the payment of any accrued interest on the Notes that cannot, under the terms of the Letter of Conditions, be paid with the proceeds of the Rural Development Bonds.

8. Federal Tax Matters Related to the Rural Development Bonds.

a. The Rural Development Bonds may be issued, and the Notes may be issued, as federally tax-exempt debt obligations. The Authority hereby covenants that it will not use, or permit the use of, any proceeds of the Rural Development Bonds or Notes (if applicable) in a manner that would cause the Rural Development Bonds or the Notes to be subjected to treatment under Section 148 of the Internal Revenue Code (the "Code"), and applicable regulations thereunder, as an "arbitrage bond." To that end, the Authority shall comply with applicable regulations adopted under said Section 148. The Authority further covenants with the registered owners from time to time of the Rural Development Bonds and Notes (if applicable) that it will, throughout the term of the Notes and the Rural Development Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Notes (if applicable) and the Rural Development Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

b. It is reasonably expected that the Authority will reimburse itself for certain expenditures made by it in connection with the Project by issuing the Notes or the Rural Development Bonds. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. § 1.150-2.

c. The Governing Body hereby delegates to the President the authority to designate the Rural Development Bonds and the Notes as "qualified tax-exempt obligations," as defined in Section 265 of the Code, to the extent the Rural Development Bonds and Notes are not deemed designated as such and may be designated as such.

d. The President is authorized and directed, on behalf of the Authority, to execute and deliver all such certificates and documents that may be required of the Authority in order to comply with the provisions of this Section related to the issuance of the Notes (if applicable) and the Rural Development Bonds.

9. Applicability of the Master Resolution.

a. The Rural Development Bonds shall be issued in compliance with the provisions of the Master Resolution so as to be on a parity of lien with respect to the Outstanding Parity Lien Obligations, and when duly delivered, shall constitute a series of bonds delivered under authority of the Master Resolution. As long as any of the Rural Development Bonds remain outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all of the Bonds, as provided in Article X of the Master Resolution, as supplemented and amended, the provisions of Articles I, VI through XI, and Section 13.3 of the Master Resolution shall be equally applicable to the Outstanding Parity Lien Obligations and the Rural Development Bonds and shall inure to the benefit of the owners thereof.

b. All references to "Bondholders" or "Owners" in the aforesaid Sections shall be deemed to include owners of the Rural Development Bonds, and all references to the Bonds contained in those Sections shall be deemed to include the Rural Development Bonds and shall be administered for the benefit of the owners of the Rural Development Bonds.

c. Notwithstanding anything herein or in the Master Resolution to the contrary:

1) Defeasance Obligations are strictly prohibited by statute (7 C.F.R. § 1782.16) against any portion of the Rural Development Bonds, and any provision herein accorded for any Defeasance Obligations is void as a matter of law as to the Rural Development Bonds.

2) So long as the Rural Development Bonds are outstanding and Rural Development remains the registered owner thereof: (A) Rural Development shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Authority relating thereto; and (B) if the Authority fails to provide the audits and reports required by Section 8(c) of the Master Resolution, Rural Development may cause such audits and reports to be prepared at the expense of the Authority.

3) Except as set forth in Section 18 of the Master Resolution, so long as Rural Development is the registered owner of the Rural Development Bonds and the Rural Development Bonds remain outstanding, no amendment of this resolution shall be effective relative to the Rural Development Bonds without the prior written consent of Rural Development.

4) So long as Rural Development is the registered owner of the Rural Development Bonds, the Authority shall not transfer or exchange any portion of its service area without the written consent of Rural Development.

5) So long as Rural Development is the registered owner of the Rural Development Bonds, the Authority shall not issue additional bonds, notes, Loan Agreements or obligations on parity with the Rural Development Bonds without the prior written consent by Rural Development in accordance with the regulatory requirements for parity as pronounced at 7 C.F.R. § 1782.17.

10. <u>Resolution a Contract</u>. The provisions of this Resolution shall constitute a contract between the Authority and the registered owners of the Bonds, and after the issuance of the Rural Development Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as expressly provided herein, until such time as the Bonds shall have been paid in full or discharged pursuant to the defeasance sections hereof.

11. <u>Engagement of Bond Counsel</u>. The President and/or the General Manager are authorized to enter into an engagement letter with Bass, Berry & Sims PLC, as bond counsel to the Authority in connection with the issuance of the Rural Development Bonds, and all actions heretofore taken to engage bond counsel are hereby ratified and approved.

12. <u>Compliance with Debt Management Policy</u>. The Governing Body hereby finds that the issuance of the Rural Development Bonds is consistent with the terms of the Authority's debt management policy.

13. <u>Repeal of Conflicting Resolutions and Effective Date</u>. 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.

14. <u>Separability</u>. 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.

Adopted and approved on _______________, 20___.

____
President

ATTEST:

____
Secretary

EXHIBIT A

(Form of Rural Development Bond)

UNITED STATES OF AMERICA
STATE OF TENNESSEE
PARIS UTILITY AUTHORITY
WATER AND SEWER REVENUE BOND, SERIES 20__

R-1 $______

KNOW ALL MEN BY THESE PRESENTS: That the Paris Utility Authority (the "Authority"), a public corporation lawfully organized and existing under Section 7-36-101 et seq., Tennessee Code Annotated (the "Act"), for value received hereby promises to pay to the registered owner hereof, or its registered assigns, in the manner and from the revenues hereinafter provided, the sum of $______, with interest on the unpaid balance hereof at the rate of ____________________________ (____%) per annum from the date hereof until the principal amount hereof shall have been fully paid. This Bond is payable in __________________________ consecutive monthly installments of principal and interest in the amount of $________________ each. The first installment payment shall be due and payable on _________________________, and all subsequent installments shall be due and payable on the same day of each monthly thereafter. In all events the final, _____________________________, installment shall be in the amount of the entire unpaid balance of principal and interest on the Bond. Both principal hereof and interest hereon are payable in lawful money of the United States of America by electronic preauthorized debit system, or if such is unavailable, then by check or draft mailed to the registered owner at the address shown on the bond registration records of the Authority, and such payments shall discharge the obligation of the issuer hereof to the extent of the payments so made. Upon final payment, this Bond shall be submitted to the Secretary of the Board of Directors of the Authority, as Bond registrar for cancellation.

Prepayment of scheduled installments, or any portion thereof, may be made at any time at the option of the Authority. Any partial prepayment shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of the Authority to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner hereof not less than thirty (30) days prior to the date of prepayment, unless waived by the registered owner.

This Bond shall be transferable by the registered owner hereof, or by its attorney, duly authorized in writing, on the registration records of the Authority at the office of the Secretary of the Board of Directors of the Authority upon presentation of the Bond to the registrar for transfer with the form of assignment attached hereto completed in full and signed with the name of the registered owner. All transferees shall take this Bond subject to such condition. The Authority may treat the registered owner as the absolute owner hereof for all purposes, and shall not be affected by any notice to the contrary whether or not any payments due on this Bond shall be overdue.

This Bond is issued by the Authority for the purpose of paying part of the cost of constructing water and sewer system improvements and extensions for the Authority, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-36-101, et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of Directors of said Authority on the __________ day of ________________, 20___ (the "Resolution").

This Bond is payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the water and sewer system of the Authority (the "System"), on parity of lien with the Authority's outstanding State Revolving Fund Loans known as DW4 2015-163, DWF 2015-164, DWF 2016-178, DWF 2017-195, CW5 2017-381, SRF 2017-382, Water and Sewer Revenue Bond, Series 2020C, dated June 30, 2020, Water and Sewer Revenue Bond, Series 2020D, dated June 30, 2020, Water System Revenue Bond, Series 2021, dated September 30, 2021, and Water and Sewer System Revenue Bonds, Series 2024, dated November 12, 2024 (collectively, the "Outstanding Parity Lien Obligations"), subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System. The revenues are required by law and by the proceedings pursuant to which this Bond is issued to be fully sufficient to pay the cost of operating, maintaining, repairing and insuring said System, including reserves therefor, and to pay principal of and interest on this Bond promptly as each becomes due and payable. The Authority has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by said System and for the use of water furnished by said System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond as each becomes due. This Bond and the interest hereon are payable solely from the revenues so pledged to the payment hereof, and this Bond does not constitute a debt of the Authority within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the above described resolution may be modified, reference is hereby made to the Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a general partnership or sole proprietorship, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a general partnership or sole proprietorship, doing business in the State of Tennessee.

A statutory mortgage lien which is hereby recognized as valid and binding is created and granted by statute on said System in favor of the owner or owners of this Bond, on parity with the mortgage lien heretofore established in favor of the Outstanding Parity Lien Obligations and any bonds hereafter issued on a parity therewith, and said System shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this Bond.

It is hereby certified, recited, and declared that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this Bond exist, have happened, and have been performed in due time, form, and manner as required by law, and that the amount of this Bond does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by its President and attested by its Secretary, all as of the date hereinabove set forth.

By: [DO NOT SIGN – FORM ONLY]
President

ATTESTED:

[DO NOT SIGN – FORM ONLY]
Secretary of the Board of Directors

SEAL

(Form of Assignment)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto ____ the within the Paris Utility Authority, and does hereby irrevocably appoint _____________________________ attorney to transfer the said Bond on the books of the Secretary of the Board of Directors of the Paris Utility Authority, as Bond Registrar, with full power of substitution in the premises.

Dated: __________________________

____

WITNESS:

____

(No writing in this blank except by the Registrar)

(Form of Registration Provisions)

Registration Date	Registered Name	Signature of Registrar
	United States of America 4300 Goodfellow Blvd, Bldg 104 St. Louis, MO 63120-1703	

STATE OF TENNESSEE)
)
COUNTY OF HENRY)

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Board of Directors of the Paris Utility Authority, and as such official I further certify that attached hereto is a true and correct copy of a resolution duly adopted by the Board of Directors of the Authority at a meeting held on _____________, 20___, and that a quorum of the members of the Board of Directors was present and acting throughout said meeting.

WITNESS my official signature and seal of said Authority this ____ day of ___________, 20___.

____
Secretary

(SEAL)

37458828.2

Jason E. Mumpower
Comptroller

MEMORANDUM

Date: December 16, 2024

To: Members of the Tennessee Local Development Authority

From: Sandi Thompson, Director, Division of State Government Finance

Re: Staff Recommendation to the Tennessee Local Development Authority on Selection of Financial Advisor

On Monday, October 7, 2024, the Division of State Government Finance (SGF) distributed a request for proposal (RFP) seeking a financial advisor for the State to serve the State Funding Board (for the state's general obligation debt) and the two State-level revenue debt issuers: Tennessee Local Development Authority (TLDA) and Tennessee State School Bond Authority (TSSBA) (together "the Issuers") for the period commencing January 1, 2025, through December 31, 2027.

The RFP was emailed to the following 13 independent financial advisory firms. The list of firms was compiled by SGF from The Bond Buyer's list of "Top Financial Advisors for the First Nine Months 2024" and included other financial advisory firms doing business in the state of Tennessee.

Acacia Financial Group
BLX Group
CSG Advisors, Inc
Cumberland Securities
Frasca & Associates, LLC
Hilltop Securities
Kaufman, Hall & Assoc.
KNN Public Finance
Lamont Financial
Kidwell & Company
Piper Sandler
Public Financial Management, Inc. (PFM)
Public Resources Advisory Group (PRAG)

Questions regarding the proposal from potential respondents were due by email on Monday, October 14, 2024. There were no questions received. However, our office received an email from Kaufman, Hall & Assoc. thanking us for including them in the RFP process. They stated that they were politely declining to respond to the RFP.

The Technical and Cost proposals were due by 12:00 PM, noon CT, Friday, November 1, 2024. One proposal was received from PFM Financial Advisors, LLC (PFM), on Thursday, October 31, 2024. The Technical Proposal was emailed to the staff of the board members for their review on November 15, 2024. The Cost Proposal was opened on Friday, November 22, 2024, to prepare an analysis of the costs (and comparison to the prior contract term costs) to be provided to staff at the meeting to be held on Monday, December 9, 2024.

At the meeting on Monday, December 9, 2024, staff discussed the proposal. It was communicated, and all agreed, that since one proposal was received, there would be no in-person interviews. SGF noted that PFM had provided exemplary services to the state over the past five years. The following attributes were highlighted to support the strengths of the services that PFM had provided:

- Excellence in structuring the state's financial transactions
- Readily accessible analysts to respond to, and provide assistance in, various requests/needs
- Depth of professional expertise and resources
- Guidance in securing proper short-term, long-term financing, and credit products (RCF)
- Knowledge of and commitment to the Tennessee market, market participants, etc.

Based on the results of the review of the technical response, staff concluded that PFM, as the state's current financial advisor; i) was the only firm to respond to the RFP; ii) is the largest financial advisory firm in the country; iii) has the largest amount of expertise and resources with responsive staff/analysts, and iv) is the most qualified to serve the Issuers.

An analysis was performed of the current cost proposal, and it was noted that the cost of the contract in the amount of $708,314 for the three-year contract period was $6,646 less than the previous three-year contract amount of $714,960. It was determined that most of the variance in cost was a combination of an increase in retainer fees in the amount of $12,854, a decrease in the advisory fees (transactional fees) in the amount of $46,500, and an increase in expenses in the amount of $27,000. The decrease in advisory fees reflected the impact of the Tax Reform Act of 2018 with the elimination of tax-exempt advance refundings. Based on a preliminary review of the proposal, it appeared that the pricing was reasonable.

Based on the foregoing discussion, staff concluded that it would make its recommendation for PFM to serve as financial advisor for the period of January 1, 2025, through December 31, 2027. This recommendation is to be presented to the State Funding Board at its meeting on December 16, 2024, as well as the Tennessee State School Bond Authority and the Tennessee Local Development Authority at their scheduled meetings on that date as well.

COST PROPOSAL

(Note, all fees and expenses must be disclosed in this form)

Proposer: PFM Financial Advisors LLC

(Firm name)

By:

(signature)

ANNUAL BUDGETED BILLINGS*

	Calendar Year 2025	Calendar Year 2026	Calendar Year 2027
Advisory Fee	$80,000	$130,000	$225,000
Advisory Fee Expenses	$7,000	$14,000	$21,000
Special Project	$22,500	$0	$0
Retainer Fee	$64,800	$66,096	$67,418
Retainer Fee Expenses	$3,500	$3,500	$3,500
TOTAL	$177,800	$213,596	$316,918

* Any subcontracted financial advisory services must be included in the contract cap.

COST PROPOSAL (cont'd)

HOURLY RATES*

Names	Calendar Year 2025	Calendar Year 2026	Calendar Year 2027
Managing Directors	$380	$388	$395
Lauren Lowe	$380	$388	$395
Joshua McCoy	$380	$388	$395
Todd Fraizer, CFA	$380	$388	$395
Ryan Conway	$380	$388	$395
Daniel Kozloff	$380	$388	$395
Matthew Eisel, CFA	$380	$388	$395
Sarah Schirmer[(a)]	N/A[(a)]	N/A[(a)]	N/A[(a)]
Directors			
George Hu[(a)]	N/A[(a)]	N/A[(a)]	N/A[(a)]
Senior Managing Consultants	$275	$281	$286
Marcie Lewis	$275	$281	$286
Elise Lomel	$275	$281	$286
Senior Analysts/Analysts	$240	$245	$250
Albert Brown	$240	$245	$250

* Hourly Rate(s) per contract year for each employee listed in II. B. above

(a) Services provided by PFM affiliates(if requested) are provided upon request and under separate agreement and fee schedules.

1. Are the hourly rates listed above applicable for special projects?

The hourly rates for special projects is $375/hour.

2. Would the financial advisory fee vary based on the identity of the Issuer, the size or structure of the issue and whether the sale is competitive or negotiated?

Yes, budget assumes a minimum fee of: $65,000 for State of TN General Obligation & TLDA transactions & $80,000 for TSSBA transactions.

MAXIMUM CONTRACT CAP

State procurement policy requires that every contract have a maximum cap for the period of the contract. Please provide your not-to-exceed cap for services and for expenses for the contract period January 1, 2025, through December 31, 2027.

Advisory Fee	$ 457,500
Retainer Fee	$ 198,314
Expenses	$ 52,500
Total	$ 708,314

1. As a service provider do you believe there is a more efficient way to price your services? If so, please describe this pricing and quantify the savings benefit to the Issuers.

Many of PFM's FA client's transaction fees are based on the size of the financing; however, we are not proposing an alternative to how the State and PFM's contract is currently structured.

Financial Advisor Request for Proposal
Cost Proposal Analysis

Cost Proposal 2020

	FY 2020 (6 months)	FY 2021	FY2022	FY2023 (6 months)
Retainer Fees	$ 30,000.00	$ 61,200	$ 62,424	$ 31,836
per month	5,000	5,100	5,202	5,306
Retainer Fee Expense	1,750	3,500	3,500	1,750
per month	292	292	292	292
Advisory Fees		75,000	85,000	320,000
per issuance		75,000	85,000	106,667
Advisory Fee Expenses		3,000	3,000	9,000
per issuance		3,000	3,000	3,000
Special Project	24,000			
TOTAL	$ 55,750.00	$ 142,700.00	$ 153,924.00	$ 362,586.00

Cost Proposal 2025

	2025	2026	2027
Retainer Fees	$ 64,800	$ 66,096	$ 67,418
per month	5,400	5,508	5,618
Retainer Fee Expense	3,500	3,500	3,500
per month	292	292	292
Advisory Fees	80,000	130,000	225,000
per issuance (TSSBA)	80,000		80,000
per issuance (GO)		65,000	65,000
per issuance (TLDA)		65,000	
Advisory Fee Expenses	7,000	14,000	21,000
per issuance	7,000	7,000	7,000
Special Project	22,500.00		
TOTAL	$ 177,800.00	$ 213,596.00	$ 316,918.00

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program
Funds Available for Loan Obligation
December 16, 2024

,

Unobligated Balance as of November 14, 2024			**$ 250,003,358**
Increases:	**Loan Number**	**Amount**	
			$ -
Unobligated Balance as of December 16, 2024			**$ 250,003,358**
Decreases:	**Loan Number**	**Amount**	
City of Etowah (Principal Amount)	CW21 2025-496	$ 139,500	
City of Etowah (Principal Forgiveness)		$ 139,500	
City of Etowah (Principal Amount)	CW21 2025-497	$ 363,000	
City of Etowah (Principal Forgiveness)		$ 242,000	
			$ (884,000)
Remaining Funds Available for Loan Obligations as of December 16, 2024			**$ 249,119,358**

FACT SHEET
December 16, 2024

Borrower:	City of Etowah
Project Number:	CW21 2025-496
Requested SRF Funding:	$279,000
Term:	5 years
ATPI	30
Rate:	2.43% X 60 (Tier 2) = 1.46%
Companion Loan:	N/A

Project:

Pump Station Replacement and Improvements: Planning and design for replacing and upgrading the existing North Industrial Pump Station to 2 million gallons per day; installation of a 1,900 gallons per minute pump at the CCI Pump Station; and the installation of approximately 24,400 linear feet of 12-inch and 18-inch diameter force main.

Total Project Cost:	$279,000
Project Funding:	
SRF Loan Principal (50%)	$139,500
Principal Forgiveness (50%)	$139,500[1]
Local Funds	$ -0-
Other Funds	$ -0-
County:	McMinn County
Consulting Engineer:	CTI Engineers, Inc.
Priority Ranking List:	2023
Priority Ranking:	21 of 67[2]
Public Meeting:	10/15/2024

Financial Information:

Operating Revenues:	$1,947,234
Current Rate:	$ 44.90
Financial Review Rate:	$ 44.90
Effective Date of Rate Change, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	1,607
Population:	3,614
Audit Report Filed:	02/29/2024 (Late)[3]

[1] Principal forgiveness issued based on population not ATPI for this planning and design loan.
[2] The Project ranked #21 of 67 on the 2023 Priority Ranking List.
[3] Late Audit Justification letter submitted to SRF.

FACT SHEET
December 16, 2024

Budget In compliance:	Yes
Additional Revenue Recommended:	N/A
Financial Sufficiency Review:	09/04/2024
Updated Financial Sufficiency Review:	N/A

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

Additional Security

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

The SSTs received by the borrower from the state in the prior fiscal year: $592,348

MADS:	Prior Obligations:	$220,980
	Proposed loan(s):	
	CW21 2025-496	$ 28,944
	CW21 2025-497	$ 75,324
	Totals	$325,248

MADS as a percentage of SSTs: 54.91%

REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
ETOWAH
CW21 2025-496

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 $592,348.

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
SRF/Water	DW9 2024-261	$275,000	$250,000	$57,528

* 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 $220,980.

(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 $220,980.

3. **Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS

SRF/Sewer	CW21 2025-496	1.46%	$139,500	$139,500	$28,944
SRF/Sewer	CW21 2025-497	1.46%	$363,000	$242,000	$75,324

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is $104,268.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is $267,100.

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 25th day of November, 2024.

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

LOCAL GOVERNMENT

BY: ______________________

Burke Garwood, Mayor

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)
ETOWAH
CW21 2025-496

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 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.

11-24-24

Burke Garwood, Mayor　　　　　　　　　　Date

FACT SHEET
December 16, 2024

Borrower:	City of Etowah
Project Number:	CW21 2025-497
Requested SRF Funding:	$605,000
Term:	5 years
ATPI	30
Rate:	2.43% X 60 (Tier 2) = 1.46%
Companion Loan:	N/A

Project:

Wastewater Treatment Plant (WWTP) Expansion/Advanced Treatment: Planning and design for the expansion of the existing WWTP from 1.2 million gallons per day (MGD) to 6 MGD.

Total Project Cost:	$605,000
Project Funding:	
SRF Loan Principal (60%)	$363,000
Principal Forgiveness (40%)	$242,000[1]
Local Funds	$ -0-
Other Funds	$ -0-
County:	McMinn County
Consulting Engineer:	CTI Engineers, Inc.
Priority Ranking List:	2023
Priority Ranking:	4 of 67[2]
Public Meeting:	10/15/2024

Financial Information:

Operating Revenues:	$1,947,234
Current Rate:	$ 44.90
Financial Review Rate:	$ 44.90
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	1,607
Population:	3,614
Audit Report Filed:	02/29/2024 (Late)[3]
Budget In compliance:	Yes

[1] Principal forgiveness issued based on population not ATPI for this planning and design loan.
[2] The Project ranked #4 of 67 on the 2023 Priority Ranking List.
[3] Late Audit Justification letter submitted to SRF.

FACT SHEET

December 16, 2024

Additional Revenue Recommended:	N/A
Financial Sufficiency Review:	09/04/2024
Updated Financial Sufficiency Review:	N/A

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

Additional Security

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

The SSTs received by the borrower from the state in the prior fiscal year: $592,348

MADS:	Prior Obligations:	$220,980
	Proposed loan(s):	
	CW21 2025-497	$ 75,324
	CW21 2025-496	$ 28,944
	Totals	$325,248

MADS as a percentage of SSTs:	54.91%

REPRESENTATION OF
LOANS AND STATE-SHARED TAXES
ETOWAH
CW21 2025-497

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 $592,348.

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
SRF/Water	DW9 2024-261	$275,000	$250,000	$57,528

* 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 $220,980.

(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 $220,980.

3. **Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS

SRF/Sewer	CW21 2025-497	1.46%	$363,000	$242,000	$75,324
SRF/Sewer	CW21 2025-496	1.46%	$139,500	$139,500	$28,944

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is $104,268.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is $267,100.

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 25th day of November, 2024.

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

LOCAL GOVERNMENT

BY: ______________________

Burke Garwood, Mayor

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

ETOWAH

CW21 2025-497

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 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.

11-24-24

Burke Garwood, Mayor | Date

BROWN JAKE & McDANIEL, PC
CERTIFIED PUBLIC ACCOUNTANTS
2607 KINGSTON PIKE, SUITE 110
KNOXVILLE, TENNESSEE 37919-3336
865/637-8600 • fax: 865/637-8601
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JOE L. BROWN, CPA, CGFM, CGMA
FRANK D. McDANIEL, CPA, CGFM, CGMA
TERRY L. MOATS, CPA, CGFM, CGMA
JAMES E. BOOHER, CPA, CGMA
HALEY A. SLAGLE, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2024

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

Dear Harold and April,

Per your email and our telephone conference yesterday, you shared information concerning the filing dates with the Tennessee Comptroller's office of the Utilities' and the City of Etowah's audited annual financial reports for the fiscal year 2021, 2022 and 2023. 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 you are aware we committed several years ago to file the Utilities reports within the required range allowed by the Tennessee Comptroller's normal requirements as defined in their three-party contracts. Based on the summary you supplied we successfully complied in both fiscal year 2022 and fiscal year 2023. This was a significant improvement from the last filing that occurred for fiscal year 2021. In that year significant delays occurred due to scheduling issues related to Covid 19 issues with our staff and the Utilities staff. In some instances, our employees were actually being quarantined or awaiting test results as you all probably experienced with your staff. For fiscal year 2024 we believe the Utilities reporting will be completed in the first half of December 2024.

We have spoken to the current City management concerning the audit fieldwork schedules and delinquencies existing with City financial reporting for fiscal years 2023, 2022 and 2021. Unfortunately, we experienced the delay issues at the City with Covid 19 protocols. There were Covid 19 delays for our onsite audit fieldwork at the City and City School System with both our personnel and the City's staff for fiscal year 2021. Our goal in 2022 and 2023 was to improve the final reporting release date by several months. City management has made great improvements in the financial reporting systems at the City and the improvement in the delinquent days being reduced from 140 days in 2021 to 60 days in 2023 reflect this improvement. It should be noted that compliance audit requirements caused by uniform guidance audits from expenditures related to federal American Rescue Plan caused delays at both the City's school system and the City in fiscal year 2023. We are committed to completion of the 2024 financial reporting by January 2025, which would improve the filing by another 30 days. Also, with assistance from City financial management, we believe the 2025 annual financial report will be filed timely by December 2025.

☐ ☐ ☐

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

With best regards,

Frank D. McDaniel, CPA

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

CC: Alison Bull, City Finance Director/Recorder

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
December 16, 2024

Unobligated Balance as of November 14, 2024			**$ 80,716,218**
Increases:	**Loan Number**	**Amount**	
			$ -
Unobligated Balance as of December 16, 2024			**$ 80,716,218**
Decreases:	**Loan Number**	**Loan Amount**	
Chuckey Utility District (Principal Amount)	DW7 2025-271	$ 335,000	
Chuckey Utlity District (Principal Forgiveness)		$ 335,000	
			$ (670,000)
Remaining Funds Available for Loan Obligations as of December 16, 2024			**$ 80,046,218**

FACT SHEET
December 16, 2024

Borrower:	Chuckey Utility District
Project Number:	DW7 2025-271
Requested SRF Funding:	$670,000
Term:	20 years
ATPI	40
Rate:	3.11% X 60 (Tier 2) = 1.87%
Companion Loan:	N/A

<u>Project:</u>

New Water Storage Tank : Construction of a 280,000 gallon Water Storage Tank on State Route 351.

Total Project Cost:	$670,000
Project Funding:	
SRF Loan Principal (50%)	$335,000
Principal Forgiveness (50%)	$335,000
Local Funds	$ -0-

County:	Greene and Washington Counties
Consulting Engineer:	W & W Engineering, LLC
Priority Ranking List:	2022
Priority Ranking:	6 of 143[1]
Public Meeting:	08/27/2024

<u>Financial Information:</u>

Operating Revenues:	$2,700,076
Current Rate:	$44.85
Financial Review Rate:	$44.85
Effective Date of Rate Change, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	4,909
Audit Report Filed:	01/25/2024 (Late)[2]
Budget in Compliance	Yes
Initial Financial Sufficiency Review:	07/25/2024
Updated Financial Sufficiency Review:	N/A.

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

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[1] The Project ranked #6 of 143 on the 2022 Priority Ranking List.

[2] Late Audit justification letter submitted to SRF.

FACT SHEET
December 16, 2024

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 $20,088.00.

REPRESENTATION OF
LOANS AND SECURITY DEPOSIT
CHUCKEY UTILITY DISTRICT
DW7 2025-271

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

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

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Water	DW7 2025-266	$915,000	$915,000	$54,876

*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 $54,876.

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	DW7 2025-271	1.87%	$335,000	$335,000	$20,088

The total anticipated security deposit(s) for the proposed loan(s) is $20,088.

c. The total MADS (a+b) is $74,964.

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 27th day of November, 2024.

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

LOCAL GOVERNMENT

BY: ______________________

Tyson Lamb, Manager

REQUIREMENT FOR REPORT ON DEBT OBLIGATION
(FORM CT-0253)
CHUCKEY UTILITY DISTRICT
DW7 2025-271

Pursuant to Tenn. Code Ann. § 9-21-134, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-134 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

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

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

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

The applicant, CHUCKEY 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.

11/27/24

Tyson Lamb, Manager | Date

DAVID M. ELLIS
Certified Public Accountant

Member, American Institute of Certified Public Accountants

Member, Tennessee Society of Certified Public Accountants

September 16, 2024

Tennessee Local Development Authority
State Revolving Fund

Re: Chuckey Utility District
215 Tusculum Bypass
Greeneville, TN 37745

The audits for the District for the year ending June 30, 2021, and for the year ending June 30, 2023, were late by 3 days and 25 days due simply to the auditing workload of the firm. The District provided all auditing documents on a timely basis so the late filing rests solely with submitting the audit by the due date.

If you have any questions, please don't hesitate to contact me.

Sincerely,

David M. Ellis

David M. Ellis, CPA

255 West Summer Street
Greeneville, Tennessee 37743
(423) 787-0855 • Fax (423) 639-0124

3865 Fort Henry Drive
Kingsport, Tennessee 37663
(423) 726-2002 • Fax (423) 239-0016

TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
Comptroller

September 23, 2024

Mr. Tyson Lamb
Manager
Chuckey Utility District
215 Tusculum Bypass
Greeneville, TN 37745

Dear Mr. Lamb:

During the review of the Chuckey Utility District's (the "District") State Revolving Fund (SRF) loan application, the Tennessee Department of Environment and Conservation (TDEC) observed that the District had not filed its fiscal year 2023 audit report within six months after fiscal year end as required. A letter explaining the reason for the delinquency was provided to our office that serves as staff to the Tennessee Local Development Authority (TLDA).

The District's auditor cited that the reason for the late submission was because of the auditing firm's workload but noted that the District had submitted documents to the firm in a timely manner. Please note that the audit contract does not provide for filing annual audit reports later than six months after the fiscal year end, and the Division of Local Government Audit (LGA) did not grant permission to extend the contracted filing deadline. Please contact LGA if you have questions regarding audit contract requirements.

Please be aware that the SRF loan agreement and state law require local governments to file an annual audit report within six months after fiscal year end. Failure to timely file reports may delay, or result in disapproval of, SRF loan approvals and funding requests. The District's loan application will be presented for consideration and approval at the October 2, 2024, TLDA meeting with the expectation that the District will file its future reports on time.

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

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

Sincerely,

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

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

STATE REVOLVING FUND PROJECT
LOAN FORBEARANCE AGREEMENT
LOCAL GOVERNMENT NAME
LOAN NUMBER

This Forbearance Agreement is among the State of Tennessee, Department of Environment and Conservation (the "Department"), the Tennessee Local Development Authority (the "Authority"), and the (insert name of entity) (the "Local Government"), which is a Tennessee governmental entity authorized to own, operate, and manage water and or wastewater facilities.

RECITALS

WHEREAS, the Department, Authority, and the Local Government are parties to LOAN NAME AND NUMBER, dated DATE (the "Loan Agreement") pursuant to the [Drinking Water Revolving Loan Fund Act of 1997, Tenn. Code Ann. §§ 68-221-1201 to -1207, as amended, and rules and regulations promulgated thereunder] [Tennessee Wastewater Facilities Act of 1987, Tenn. Code Ann. §§ 68-221-1001 to -1015, as amended, and rules and regulations promulgated thereunder];

WHEREAS, the region in which the Local Government is located has been significantly impacted by the devastation caused by Hurricane Helene;

WHEREAS, on October 2, 2024, in response to the reported devastation caused by Hurricane Helene, and under the power granted to the Authority by Tenn. Code Ann. §§ 4-31-104, 68-221-1006(d), and 68-221-1205(l), the Authority voted to extend a twelve-month forbearance period to all Clean Water and Drinking Water State Revolving Loan recipients within the federally designated disaster area;

[WHEREAS, the Local Government has requested that the Department and Authority extend the forbearance period to XX considering the Local Government's particular circumstances;]

WHEREAS, the Department and Authority agree that a forbearance period is necessary to allow the Local Government sufficient time to assess storm damage, initiate recovery efforts, and develop a financial remediation plan;

NOW THEREFORE, in consideration of the Recitals, the parties agree as follows:

AGREEMENT

1) **DEFINITIONS**. All terms not otherwise defined herein shall have the respective meaning ascribed to them in the Loan Agreement.

2) **INCORPORATION OF LOAN AGREEMENT**. The terms, provisions, and agreements in the Loan Agreement, except to the extent expressly modified herein, are hereby incorporated by reference with the same force and effect as though fully set forth in this Forbearance Agreement. To the extent that the terms of this Forbearance Agreement are inconsistent with the Loan Agreement, the terms in this Forbearance Agreement shall prevail.

3) **FORBEARANCE TERM**. From the period beginning October 2, 2024, and ending END DATE (the "Forbearance Period"), the Department and the Authority agree to forbear from collecting the payments (both as to principal and interest) otherwise due and payable under the Loan Agreement. The Department and Authority further agree to forbear from exercising the rights and remedies available to them as a result of a default in the Loan Agreement.

4) **NO ADDITIONAL PRINCIPAL FORGIVEN**. Nothing in this Forbearance Agreement shall be construed to forgive principal beyond any amount forgiven in the Loan Agreement.

5) **INTEREST**. During the Forbearance Period, no interest shall accrue on the outstanding debt owed under the Loan Agreement.

6) **ADMINISTRATIVE FEE**. During the Forbearance Period, the administrative fee required by the Loan Agreement shall be waived and shall not accrue.

7) **PAYMENT SCHEDULE**. The Local Government's Loan Agreement payment schedule is revised as shown on Attachment A and incorporated into this Forbearance Agreement and the Loan Agreement.

8) **CONDITIONS TO FORBEARANCE**. In consideration of the forbearance set forth in Section 3, the Local Government acknowledges and agrees as follows:

    a. If applicable, the Local Government will determine whether it is in financial distress requiring disclosure under SEC Rule 15c2-12; and
    b. The Local Government shall submit, within three (3) months of the Effective Date of this Forbearance Agreement, and every following three (3) months of the Forbearance Term, to the Department and the Authority a quarterly report. At a minimum, the quarterly reports shall include:
        i. The Local Government's name;
        ii. The Local Government's loan number(s); and
        iii. A narrative section describing the status of the Local Government's recovery efforts and progress towards its ability to restart loan payments at the conclusion of the Forbearance Term.

9) **VOLUNTARY PAYMENT**. The Local Government, at its option, may pay all or any portion of the amount owed under the Loan Agreement during the Forbearance Period, and such payment will not be considered a waiver of the forbearance.

10) **FORBEARANCE NOT A WAIVER**. No act of forbearance or failure to insist on the prompt performance of the Local Government under this Forbearance Agreement or the Loan Agreement, either express or implied, shall be construed as a waiver by the Department or the Authority of any of its rights hereunder or under applicable law, except as specifically provided herein.

11) **GOVERNING LAW**. This Forbearance Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or

the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Forbearance Agreement. The Local Government acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees, including but not limited to, the Department, the Authority, and the employees thereof, arising under this Forbearance Agreement shall be subject to and limited to those rights and remedies available under Tennessee Code Annotated Title 9, Chapter 8.

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

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

To Department: State of Tennessee, Department of Environment and Conservation
State Revolving Fund Loan Program
500 James Robertson Parkway
Nashville, TN 37243
ATTN: Administrative/Financial Manager

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

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

14) **TERMINATION FOR CONVENIENCE**. The Department and the Authority may terminate this Forbearance Agreement without cause for any reason. A termination for convenience shall not be a breach of this Forbearance Agreement. The Department and the Authority shall give the Local Government at least thirty days written notice before the effective termination date. The Local Government shall not have any right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount for the Department or Authority's exercise of their right to terminate for convenience.

15) **TERMINATION FOR CAUSE**. If the Local Government fails to properly perform its obligations under this Forbearance Agreement or the Loan Agreement, or if the Local Government violates any terms of either Agreement, the Department and the Authority shall have the right to immediately terminate this Forbearance Agreement. Notwithstanding the exercise of the Department and Authority's right to terminate this Forbearance Agreement for cause, the Local Government shall not be relieved of liability to the Department and Authority for damages sustained by virtue of any breach of this Forbearance Agreement by the Local Government.

16) **SECTION HEADINGS**. Section headings are provided for convenience of reference only and shall not be considered in construing the intent of the parties to this Forbearance Agreement.

17) **AMENDMENT**. This Forbearance Agreement may not be amended or modified without the written consent of the Authority, the Department, and the Local Government.

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

LOCAL GOVERNMENT	**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**
Name: ______________________ (City/Town/County/UD/Authority)	Name: ______________________
Signature: ______________________	Signature: ______________________
Date: ______________________	Date: ______________________

APPROVED AS TO FUNDING:

COMMISSIONER, DEPARTMENT OF ENVIRONMENT AND CONSERVATION	**COMMISSIONER OF FINANCE AND ADMINISTRATION**
Signature: ______________________ David W. Salyers, P.E., Commissioner	Signature: ______________________
Date: ______________________	Date: ______________________