



TENNESSEE LOCAL DEVELOPMENT AUTHORITY
JULY 21, 2025
AGENDA - REVISED

1. Call meeting to order, establish that there is a physical quorum, and receive public comments on actionable items in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines
2. Approval of minutes from the June 23, 2025, meeting
3. Consideration and approval of the following State Revolving Fund Drinking Water loan:

	SRF Base Loan	Principal Forgiveness Standard	Total Request	Interest Rate	Term
Cedar Grove Utility District, DW9 2025-251	\$ 2,203,600.00	\$ 2,203,600.00	\$ 4,407,200.00	1.97%	20

4. Report on the Tennessee Local Development Authority Debt and Loan Programs
5. **Deferred** - Consideration and approval of the TLDA's SIF Policy and Guidance for Borrowers
6. Discussion on requests from Ocoee Utility District from the June 23, 2025, meeting
7. Adjourn

The Board meeting will be held in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, 425 Rep. John Lewis Way N., Nashville, TN. Board members are allowed to participate by electronic means. The public may attend in person or virtually by using the following link: <https://www.comptroller.tn.gov/office-functions/sgf/sgf-calendar/2025/7/21/tennessee-local-development-authority-meeting.html>

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
June 23, 2025

The Tennessee Local Development Authority (TLDA) met on Monday, June 23, 2025, at 2:29 p.m., CT, in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. Secretary of State Tre Hargett was present and presided over the meeting.

The following members were also present:

The Honorable Jason E. Mumpower, Comptroller of the Treasury
The Honorable David H. Lillard, Jr., State Treasurer
Angela Scott, proxy for Commissioner Jim Bryson, Department of Finance and Administration
Mayor Paige Brown, House Appointee

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

Mayor Rollen “Buddy” Bradshaw, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Secretary Hargett called the meeting to order and asked Ms. Thompson to conduct a roll call:

Ms. Scott—Present
Secretary Hargett—Present
Comptroller Mumpower—Present
Treasurer Lillard—Present
Mayor Brown—Present
Mayor Bradshaw—Present

Secretary Hargett, in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines, asked Ms. Sandra Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance (SGF) if any requests for public comment had been received. Ms. Thompson responded that no requests for public comment had been received.

Secretary Hargett stated that the first item of business was approval of the minutes from the May 19, 2025, TLDA meeting. Comptroller Mumpower moved approval of the minutes, and Treasurer Lillard seconded the motion. Secretary Hargett asked if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
Secretary Hargett—Aye
Comptroller Mumpower—Aye
Treasurer Lillard—Aye
Mayor Brown—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 at the Tennessee Department of Environment and Conservation (TDEC), to present the CWSRF unobligated balance report and two

loan requests. Secretary Hargett stated that without objection the TLDA would hear both loan requests and then vote on the items simultaneously. There were no objections. Ms. Jones presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She reported that, as of May 19, 2025, the Unobligated Fund balance was \$245,327,242. Upon approval of the two loan requests totaling \$18,606,835, the remaining funds available for loan obligations in the standard CWSRF would be \$226,720,407. Additionally, Ms. Jones reported that as of May 19, 2025, the Unobligated Emerging Contaminants fund balance was \$1,358,000. Secretary Hargett asked if there were any questions on the report, and there were none. Ms. Jones then presented the CWSRF loan requests.

- **Brownsville Energy Authority (CWB23 2025-495)** Requesting \$17,000,000.00 (\$12,000,300.00 (70.59%) loan, \$4,999,700.00 (29.41%) principal forgiveness), for a new wastewater treatment plant: construction of a new 2.0 million gallon per day sequencing batch reactor to replace the existing trickling filter plant; recommended interest rate of 1.32% based on the Ability to Pay Index (ATPI); Priority ranking 39 of 57 (2023); Term: 20 years
- **Parsons (CWB22 2025-490)** Requesting \$1,606,835.00 (\$803,417.50 (50%) loan, \$803,417.50 (50%) principal forgiveness), for a collection system relocation: installation of approximately 1,500 linear feet of 12-inch diameter interceptor sewer, two manholes, and a lift station from W 4th Street to Gum Avenue and connecting to an existing force main at Coley Avenue; recommended interest rate of 1.32% based on the ATPI; Priority ranking 26 of 104 (2022); Term: 20 years

Ms. Scott made a motion to approve the loan requests. Comptroller Mumpower seconded the motion. Secretary Hargett asked if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
Secretary Hargett—Aye
Comptroller Mumpower—Aye
Treasurer Lillard—Aye
Mayor Brown—Aye
Mayor Bradshaw--Aye

The loan requests were unanimously approved.

Secretary Hargett stated that the next item on the agenda was consideration and approval of requests from the Ocoee Utility District (the “District”). He recognized Ms. Thompson to present the requests. Ms. Thompson stated that to comply with its SRF loan agreements and the *Tennessee Local Development Authority State Revolving Fund Policy & Guidance for Borrowers* (the “*Policy & Guidance*”), the District had submitted a request to the TLDA for approval to issue additional debt. She explained that the proposed debt would finance the replacement of aging infrastructure and the construction of a new wastewater treatment plant that would consolidate its decentralized facilities and expand treatment capacity. She stated that these projects were critical and necessary to comply with Environmental Protection Agency (EPA) requirements and address concerns of the Tennessee Board of Utility Regulation (TBOUR). Ms. Thompson noted that the District’s request had multiple parts for the TLDA’s consideration and approval. She explained that first, the District sought to issue United States Department of Agriculture (USDA) Bond Anticipation Notes (the “BANs”) in an amount not to exceed \$37,500,000, that would subsequently be refinanced with USDA Bonds (the “USDA Bonds”) in the same amount. She explained that the BANs would provide interim financing for the USDA Bonds and noted that the BANs and USDA Bonds would not be outstanding simultaneously. She also mentioned that the USDA Bonds would include a \$5,000,000 grant. Ms. Thompson stated that the District additionally requested to issue Water and Wastewater Revenue Improvement Bonds (the “Revenue Bonds”) in an amount not to exceed \$25,000,000. Ms. Thompson stated that the District requested approval to issue the USDA BANs, USDA Bonds, and the Revenue Bonds on parity with its SRF loans outstanding. Ms. Thompson stated that based on the review conducted by the SGF in consultation with the Comptroller’s Division of Local Government Finance (LGF) and the Attorney General’s Office, the District would meet the TLDA’s requirements to issue additional debt and modify lien position with the following exceptions: the District had failed to timely file its audited financial statements and was under the jurisdiction of the Tennessee

Board of Utility Regulation (TBOUR) for financial distress. Ms. Thompson explained that the District's SRF loan agreements prohibit the issuance of additional debt in the event the audit was filed late. She stated that the District had included an explanation letter and had requested that the TLDA waive this requirement to allow for the issuance of the proposed debt. Ms. Thompson also explained that a rate study had been performed by an independent firm, in accordance with TBOUR's order, that concluded rate increases were warranted. She stated that the District subsequently adopted a resolution to implement rate increases that were factored into the financial projections submitted with its request to the TLDA. Ms. Thompson noted that the District had until December 31, 2025, to provide additional information to TBOUR as outlined in TBOUR's order. Ms. Thompson then stated that based on the analysis conducted by SGF and the expectation of compliance with TBOUR's order, staff recommended the TLDA waive the audit filing enforcement and approve the issuance of the BANs, the USDA Bonds, and the Revenue Bonds on parity with the District's outstanding SRF loans. However, she stated that she had some additional information to share with the TLDA members. She stated that LGF had been requested to issue a report on the proposed \$25,000,000 in debt, however, the report had not been issued because of questions related to fees of \$375,000 reported for the District's municipal advisor in connection with the proposed debt. She stated that the LGF had also been made aware of an additional estimated \$612,000 in municipal advisory fees related to the BANs. She further elaborated on the significant fee concerns, stating that they represented 1.5% or \$15 per \$1,000 in bonds plus additional add-ons specified in the advisor agreement that were substantially higher than those typically associated with similar state reported transactions. Secretary Hargett asked for a fee comparison, and Ms. Thompson responded that the Tennessee State School Bond Authority's financial advisor charged a fee of \$0.15 per \$1,000 in bonds for its recent \$218,000,000 debt issuance. Secretary Hargett inquired if there were any questions or comments regarding the recommendation and additional information. Comptroller Mumpower responded affirmatively. Comptroller Mumpower recognized Larry Kidwell, President of Kidwell and Company and the District's Municipal Advisor, and the District's Bond Counsel, Pat Alexander with the Bradley Law Firm. Comptroller Mumpower inquired if the fees were solely related to the cost of issuing this specific deal or if they included other fees. He also asked if all fees and their calculation methods would meet the strict scrutiny of MSRB rules and standards. He specifically questioned the philosophy behind the fees for USDA issuance. A discussion ensued regarding the fees associated with the bond issuance during which Mr. Kidwell stated that to his knowledge, the fees being discussed were solely municipal advisor fees, included as part of the cost of issuance. He explained that their firm prioritized "excellence in service" to achieve high credit quality for clients and help with lower cost bond pricing, asserting that the value produced by their services could offset their fees. Mr. Kidwell stated that he had a strong awareness of MSRB rules and asserted that they would not request or charge a fee they believed was too high or not in the client's best interest. Regarding USDA issuance fees, he noted that USDA projects could have longer lead times and require interim funding, and that their contracted fee of 1.5% had remained consistent for 15 years. Comptroller Mumpower asked Mr. Alexander if the fee structure was in alignment with MSRB rules and standards. Mr. Alexander stated that this was his first engagement as bond counsel for the District, and the specific question regarding the cost of services was not brought to his attention until the meeting. He stated that in his role as bond counsel, he would not provide opinions on whether MSRB rules were being satisfied.

Comptroller Mumpower stated that he did not have any further questions and that he would have a motion later. Secretary Hargett asked if there were any other questions or discussion. Treasurer Lillard responded affirmatively and stated that he had known Mr. Kidwell to be a good practitioner of the profession of financial advisor. He further stated that Mr. Alexander's firm's reputation preceded him. Treasurer Lillard suggested a deeper discussion with the Comptroller's office staff about the financial details of the bond issue, indicating a need for an understanding of the costs and value. Secretary Hargett recognized Mayor Brown. Mayor Brown expressed a desire for assurance from the District's board or management that they fully understood the fees in comparison to typical costs, particularly for the USDA portion. Secretary Hargett recognized Mayor Bradshaw. Mayor Bradshaw noted that the S&P credit rating report indicated there was a one-in-three chance that rising fixed costs could result in diminished financial capacity (due to the large amount of debt outstanding) that would no longer be consistent with the current rating. He expressed a desire for more information and to speak directly with the District's board due to the significant amount of money involved and the potential impact of rate increases on the residents. Secretary Hargett recognized Comptroller Mumpower to make a motion. Comptroller Mumpower motioned to defer consideration of this item to the next meeting and asked that Comptroller and TLDA staff work with Mr. Kidwell and Mr. Alexander to address the TLDA's concerns. He also requested that the District's board chairman and manager be in physical attendance at that meeting. Secretary Hargett then summarized the motion stating that the TLDA would defer

consideration of the item to the next meeting, requested Comptroller and TLDA staff work together with the municipal advisor and bond counsel to gather more information, and that the District's board chairman and manager be physically present at the next meeting. Comptroller Mumpower responded affirmatively. Secretary Hargett then seconded the motion. Secretary Hargett asked if there was further discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
Secretary Hargett—Aye
Comptroller Mumpower—Aye
Treasurer Lillard—Aye
Mayor Brown—Aye
Mayor Bradshaw--Aye

The motion to defer the item to the next meeting was unanimously approved.

Secretary Hargett stated that the next item of business was the report on the notification from the City of Portland submitted to comply with *Policy and Guidance*. Secretary Hargett recognized Ms. Thompson to present the report. Ms. Thompson explained that pursuant to the *Policy and Guidance*, Portland was required to notify the TLDA of its intent to incur debt. She reported that Portland planned to issue a Water and Sewer System Revenue and Tax Capital Outlay Note, Series 2025 in an amount not to exceed \$757,000. She stated that the notes would be issued with a lien position subordinate to its outstanding SRF loans. Secretary Hargett stated that this was a non-voting item.

Secretary Hargett stated that the next item on the agenda was consideration and approval of the Tennessee Local Development Authority's Debt Management Policy (the "Policy"). He recognized Ms. Thompson to present the request. Ms. Thompson stated that SGF staff had reviewed the Policy as it was required to on at least an annual basis. She stated that non-substantive changes were recommended for approval. Secretary Hargett moved approval of changes made to the Policy, and Ms. Scott seconded the motion. Secretary Hargett asked if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
Secretary Hargett—Aye
Comptroller Mumpower—Aye
Treasurer Lillard—Aye
Mayor Brown—Aye
Mayor Bradshaw--Aye

The Policy as updated was unanimously approved.

Hearing no further business, Secretary Hargett asked for a motion to adjourn the meeting. Ms. Scott motioned to adjourn the meeting, and Mayor Brown seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
Secretary Hargett—Aye
Comptroller Mumpower—Aye
Treasurer Lillard—Aye
Mayor Brown—Aye
Mayor Bradshaw--Aye

The meeting was adjourned.

Approved on this ____ day of _____, 2025.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
July 21, 2025

Increases:

Amount

Decreases:

Loan Amount

\$4,407,200

\$ 54,656,909

Drinking Water State Revolving Fund (DWSRF) Non-Revolving Funds
Funds Available for Loan Obligation
July 21, 2025

Increases:

Amount

\$	-
<hr/>	
\$	5,490,347

Loan Number

Loan Amount

\$	-
<hr/>	
\$	5,490,347
<hr/>	

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Non-Revolving Funds
Funds Available for Loan Obligation
July 21, 2025

Unobligated Lead Service Line Balance as of April 10, 2025 TLDA Meeting			\$	118,097,948
<u>Increases:</u>	<u>Loan Number</u>	<u>Amount</u>		
			\$	-
Unobligated Fund Balance as of July 21, 2025			\$	118,097,948
<u>Decreases:</u>	<u>Loan Number</u>	<u>Loan Amount</u>		
			\$	-
Remaining Funds Available for Loan Obligations as of July 21, 2025			\$	118,097,948

FACT SHEET

July 21, 2025

Borrower: Cedar Grove Utility District
Project Number: DW9 2025-251
Requested SRF Funding: \$4,407,200
Term: 20 years
ATPI 30
Rate: 3.29% X 60 (Tier 2) = 1.97%
Companion Loan: N/A

Project:

Waterline Replacements: Replacing approximately 83,000 LF of 6-inch diameter asbestos cement waterlines with PVC and associated appurtenances along Hwy 220, Hwy 70, Hwy 70E, and Dunn Road.

Total Project Cost:	\$4,407,200
Project Funding:	
SRF Loan Principal (50%)	\$2,203,600
Principal Forgiveness (50%)	\$2,203,600
Local Funds	\$ -0-
County:	Carroll County
Consulting Engineer:	TLM Associates, Inc.
Priority Ranking List:	2022
Priority Ranking:	2 of 143 ¹
Public Meeting:	10/21/2024

Financial Information:

Operating Revenues:	\$425,406
Current Rate:	\$78.75
Financial Review Rate:	\$78.75
Effective Date of Rate Change, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	617
Audit Report Filed:	03/28/2025 (Late) ²
Approved Annual Budget	Yes
Additional Revenue Recommendation:	No
Initial Financial Sufficiency Review:	09/20/2024
Updated Financial Sufficiency Review:	04/17/2025

¹ The project ranked #2 of 143 on the 2022 Priority Ranking List.

² Late Audit report justification letter submitted to SRF.

FACT SHEET

July 21, 2025

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

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 \$133,392.

**REPRESENTATION OF
LOANS AND SECURITY DEPOSIT
CEDAR GROVE UD
DW9 2025-251**

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

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

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer				

*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 \$0.

- 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	DW9 2025-251	1.97%	\$2,203,600	\$2,203,600	\$133,392

The total anticipated security deposit(s) for the proposed loan(s) is \$133,392.

- c. The total MADS (a+b) is \$133,392.

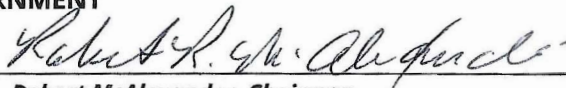
The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.

Duly signed by an authorized representative of the Local Government on this 10th day of March, 2025.

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

LOCAL GOVERNMENT

BY:


Robert McAlexander, Chairman

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

CEDAR GROVE UD

DW9 2025-251

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.

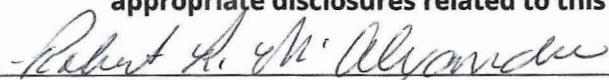
Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

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, Cedar Grove UD, 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.



Robert McAlexander, Chairman

3/10/2025
Date

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



JASON E. MUMPOWER
Comptroller

July 1, 2025

Robert McAlexander (cgudwater@gmail.com)
President
Cedar Grove UD
3100 TN-220
Lavinia, TN 38348

Re: Cedar Grove UD SRF Loan Request

Dear Mr. McAlexander:

During the review of the Cedar Grove 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 2024 audit report within six months after fiscal year end as required. A letter regarding the delinquency was provided to our office that serves as staff to the Tennessee Local Development Authority (TLDA). The letter stated that the delay was due to grant activity and infrastructure projects undertaken by the District in the 2024 fiscal year.

Please be aware that the audit contract does not allow 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. 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 July 21, 2025, 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,

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

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

cc: Vena Jones, SRF Program Manager, TDEC
Jean K. Suh, Contract Audit Review Manager, LGA
Kaylee Nichols, Auditor in-charge, ATA, PC (knichols@ata.net)



ATA, PC

185 North Church Ave Dyersburg, TN 38024
P 731.285.7900 F 731.285.6221

April 3, 2025

To whom it may concern:

We audited the financial statements of Cedar Grove Utility District for the year ended June 30, 2024. Due to grant activity and infrastructure projects undertaken by the District in the 2024 fiscal year, the completion of the audit took longer than anticipated. We applied for an extension with the Tennessee Comptroller of the Treasury which was granted through March 31, 2025, and we submitted the audit on March 28, 2025. If you have any additional questions concerning the late submission of the audit, please feel free to contact us directly at the information listed below.

Sincerely,

ATA, PC

ATA, PC
Dyersburg, Tennessee

Auditor in-charge	Kaylee Nichols
Email address	knichols@ata.net
Office phone number	731-285-7900

Your Long-Term Business Advisor

Tennessee Local Development Authority

Debt & Loans Outstanding

As of June 30, 2025

(unaudited)

State Loan Program Fund

Bonds Outstanding	\$ 315,000
-------------------	------------

State Infrastructure Fund

Loans Outstanding	\$ 1,106,499
-------------------	--------------

Clean Water State Revolving Fund

Loans Outstanding	\$ 887,443,753
-------------------	----------------

Drinking Water State Revolving Fund

Loans Outstanding	\$ 169,941,581
-------------------	----------------



JASON E. MUMPOWER
Comptroller

July 21, 2025

**Ocoee Utility District
Approval to Issue Debt and Modification of Lien Position**

The Ocoee Utility District (the “District”) has submitted the following requests to the Tennessee Local Development Authority (the “TLDA”) for consideration and approval. The TLDA’s approval for the District 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*.

- A request to issue USDA Water and Wastewater Revenue Bond Anticipation Notes (the “Series 2025 BAN”) in an amount not to exceed \$37,500,000 on parity with its SRF loans;
- A request to issue USDA Water and Wastewater Revenue Bonds in an amount not to exceed \$37,500,000 (the “USDA Bonds”) on parity with its SRF loans; and
- A request to issue Water and Wastewater Revenue Improvement Bonds (the “Series 2025 Bonds”) in an amount not to exceed \$25,000,000 on parity with its SRF loans.
- A request for TLDA approval of a waiver of the enforcement of a provision in the *TLDA SRF Policy and Guidance for Borrowers* and the loan agreement that prohibits the issuance of additional indebtedness for entities who have not submitted their audits timely.

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 proposed debt be issued on parity with its outstanding SRF loans.

___ 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.

3. The purpose of the proposed debt issuance is:

___ Refunding

X New Money

4. Additional Information:

Purpose for Issuing the Proposed Series 2025 BAN and the USDA Bonds:

The Series 2025 BAN will provide interim financing for the USDA Bonds—collectively referred to as the “USDA Loan”. The proceeds from the Series 2025 BAN will be utilized to fund the design, permitting, construction, capitalized interest, and other administrative, engineering, fiscal, legal, and related costs necessary for comprehensive improvements to the District’s water system. According to the District’s request letter, this critical project includes the development of a new water treatment plant and associated water lines, all of which are essential to ensuring a safe, reliable, and self-sustaining water supply for the community. It is important to note the proceeds of the USDA Bonds will repay the Series 2025 BAN approximately 24 months following their issuance date and that both obligations of indebtedness will not be outstanding at any time concurrently. The 2025 BANS are anticipated to be funded on or about October 1, 2025. The District noted that the USDA Bonds will bear interest at a rate of 2.75% which is lower than rates from other sources of funding, and assistance provided by USDA will also include grant funding of approximately \$5 million dollars.

The financed project shall include, but not be limited to, the following:

- The Ball Road Water Treatment Plant (WTP) will have a design capacity of 2.0 million gallons per day (MGD) and be located on the 147-acre "Ball Road Site" owned by the District on Ball Road. Specific and general processes include, but are not limited to, sedimentation basin, filter building with laboratory amenities, ground storage clearwell reservoirs, high service pumps, disinfection feed system, and solids disposal process.
- The Wildwood Well Site, a 7-acre tract owned by the District on Trewhitt Road, will provide raw water to the proposed 2.0 MGD WTP. Specific and general processes include, but are not limited to, upgraded well source pump, booster station, and piping.
- The raw water main will transfer well water from the well site to the Ball Road WTP for treatment. Further, potable water from the WTP will be distributed to two pressure zones on different pipelines. The water mains (raw and potable) will have a minimum design capacity of 2.0 MGD and be generally located along road ROW within easement.

The District stated that the proceeds will be used to fund the repair of aging infrastructure and reduce the reliance on costly wholesale water purchases from surrounding providers resulting in long-term operational cost savings. Furthermore, the construction of a new facility will provide additional capacity and operational flexibility, allowing the District to complete necessary pipe repairs and transition to minimal water loss.

Purpose for Issuing the Proposed Series 2025 Bonds:

In addition to the USDA Loan, the District is requesting approval to issue Water and Wastewater Revenue Improvement Bonds (the “Series 2025 Bonds”) in an amount not to exceed \$25,000,000 with a lien position that is on parity with the lien position of its SRF loans.

The District is seeking strategic capital investments in both water and wastewater infrastructure, encompassing water treatment and distribution as well as wastewater treatment and collection systems. Summary of projects:

<u>Project</u>	<u>Estimated Cost</u>
Old Parksville Wastewater Treatment Plant (WWTP)	\$4,000,000
Wastewater Collection System Expansion	\$3,000,000
PFAS/PFOA Treatment Implementation	\$5,000,000
Water Reuse (Potable/Non-Potable) Development	\$5,000,000
Carpenter Spring WTP High-Service Pump Upgrade	\$1,000,000
Centralized Electrical Upgrades (Campus-Wide)	\$2,000,000
HDPE Pipe Replacement with Ductile Iron Pipe (DIP)	<u>\$5,000,000</u>
Total Estimated Project	<u>\$25,000,000</u>

The District states that the need for bond funding is critical for several reasons:

1. Replacement of Aging Infrastructure - The existing Brighton Ridge facility (2010) has limited capacity and was not designed for long-term regional wastewater management.
2. Increased Treatment Capacity - The District is in the process of designing and constructing a new Wastewater Treatment Plant (WWTP)¹ to replace and consolidate its existing decentralized treatment facilities. The proposed WWTP will expand treatment capacity to 100,000 GPD, ensuring that the District can support current and future development, including a proposed 500-single family home community, Church and several other smaller residential developments.
3. Sustainable Growth and Development - By constructing a centralized, modern WWTP, the District can support residential expansion while avoiding costly future upgrades or emergency infrastructure failures. Consolidating wastewater treatment into a single, modernized facility will reduce maintenance costs and improve efficiency compared to the operation of multiple smaller facilities.

A portion of the proceeds of the Series 2025 Bonds will be utilized to provide matching funding for an American Rescue Plan Act (ARPA) grant which is required to be funded on or about August 1, 2025, and the timeline for the closing of the Series 2025 Bonds is scheduled to meet the ARPA grant requirements.

¹ This project is associated with TDEC’s State Water Infrastructure (SWIG) grant/match program.

Security for Proposed Financings:

The proposed debt will be payable from and secured by a pledge of the net revenues of the system on parity with the District's currently outstanding parity indebtedness². The District indicated that it intends to issue future parity debt and understands, as evidenced in its letter, that under applicable State guidelines that all future debt of the District must first be approved by the TLDA. The District believes that the TLDA's approval is in the public interest insofar as it will preserve the District's ability to issue future debt on a parity lien basis minimizing costs to system ratepayers.

The debt rating of the borrower is:

Please indicate N/R if not rated.

 N/R Moody's

 A+/Negative Standard and Poor's

 N/R Fitch

In August 2024, S&P Global Ratings revised its rating of the District's underlying rating from A+/Stable to A+/Negative. A copy of the 2024 S&P Ratings Report and Rationale has been provided.

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

Borrower	Ocoee Utility District						
Date	5/19/2025						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @5/19/2025	MADS*
Water	DW6 19-210	Repayment	\$ 1,000,000	-	20%	\$ 624,627	\$ 46,236
Water	DWF 19-211	Repayment	1,799,300	-	0%	1,541,822	103,991
Water	DWF 21-242	Repayment	1,000,000	-	0%	942,950	54,973
			<u>\$ 3,799,300</u>	<u>-</u>		<u>\$ 3,109,399</u>	<u>\$ 205,200</u>
*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							

6. 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: \$205,200

² The TLDA previously approved the District's Series 2022 Bonds to be issued on parity with its three outstanding SRF loans at its February 23, 2022, meeting.

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 District did not timely file its audited financial statements with the Division of Local Government Audit through the fiscal year ended June 30, 2024, within six months after fiscal year end. Because the District did not timely file its required annual audit report, it is prohibited from issuing additional debt pursuant to the loan agreement and requests that the TLDA waive the enforcement of this requirement to allow the issuance of the debt.

The District's auditor stated that the FY23 audit was performed by a different audit firm and was filed late which delayed the new firm's start of the FY24 audit. The auditor stated that the FY25 audit report is expected to be filed on time.

e. Sufficient Revenues [7.(k)]

☒ Yes ☐ No

For the fiscal year ended June 30, 2024, the District's audited financial statements reflected operating income of \$1,176,808 and a positive change in net position of \$421,133. The statement of cash flows reflected debt service payments for FY24 of \$1,668,019.

The District reported \$2,412,159 in unrestricted cash and investments.

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

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

☐ Yes ☐ No

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

Most Recent Fiscal Year (m)(3):

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

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

[7.(n)]

☒ Yes ☐ 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

TBOUR Order

TBOUR ordered a rate study, and the District engaged Jackson Thornton Certified Public Accountants and Consultants to perform a cost of service rate study in 2024. The study determined that rate increases were warranted. The District adopted a Resolution (NO. 2025-001) to provide for adjustment and increase of water and sewer rates on 1-27-2025.

To fully comply with TBOUR's order, the District must also submit the following documents to TBOUR by December 31, 2025.

- A review of the capitalization policy, including any recommended modifications
- A review of the debt management policy, including any recommended modifications
- The creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs
- A review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications
- Verification that all governing body members of the utility are in compliance with all relevant training requirements
- A review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist

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

☒ Yes ☐ No

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

☐ Yes ☐ No ☒ N/A

9. Conclusion

TLDA staff is not able to make a recommendation at this time since the analysis regarding the transaction is incomplete pending the receipt of information from the District.

RatingsDirect®

Summary:

Ocoee Utility District, Tennessee; Water/Sewer

Primary Credit Analyst:

Malcolm N D'Silva, Englewood + 1 (303) 721 4526; malcolm.dsilva@spglobal.com

Secondary Contact:

Edward R McGlade, New York + 1 (212) 438 2061; edward.mcglade@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Related Research

Summary:

Ocoee Utility District, Tennessee; Water/Sewer

Credit Profile		
Ocoee Util Dist of Bradley & Polk Cntys WS (BAM)		
Unenhanced Rating	A+(SPUR)/Negative	Outlook Revised
Ocoee Util Dist of Bradley & Polk Cntys WTRSWR		
Long Term Rating	A+/Negative	Outlook Revised
Ocoee Util Dist of Bradley & Polk Cntys WTRSWR		
Long Term Rating	A+/Negative	Outlook Revised
Ocoee Util Dist wtrwks		
Long Term Rating	A+/Negative	Outlook Revised
Many issues are enhanced by bond insurance.		

Credit Highlights

- S&P Global Ratings revised its outlook to negative from stable and affirmed its 'A+' rating on Ocoee Utility District, Tenn.'s existing waterworks revenue bonds and water and wastewater refunding and improvement bonds.
- The outlook revision reflects our view of the utility system's recent increase in operational costs that have reduced financial margins to narrow levels in the past two fiscal years.

Security

The bonds are secured by a net revenue pledge of district operations. Credit provisions are neutral, in our view.

Credit overview

The rating is underpinned by the district's service-area growth that will improve its financial profile, supported by rate increases in 2024. The district has ample supply to meet demand but requires upgrades due to growth and aging infrastructure. In recent years, the district has dealt with the degradation of some of the water pipes within its system, which have been replaced as they failed, pushing operating expenses up and leading to a fluctuating adjusted coverage and liquidity position. Management used the proceeds from the series 2022 bonds and grant monies to correct liquidity issues and to prepurchase the replacement pipes upfront to avoid increases in supplies in the near term. With the debt restructuring and recent rate increases, management anticipates that coverage will return to historical levels. The rating is also influenced by the recently approved rate plan and growth in the service area that will enhance service charges and revenue trends in the future.

In our view, the key risks to the district's credit quality focus on its ability to manage customer growth and meet infrastructure-improvement objectives for planned capital projects. In our view, rising cost-of-service expenses also remain persistent risks. In recent years, expenses grew due to high cost of water purchases. However, capital plans currently focus on pipe replacement and doubling capacity at the Wildwood Springs and Old Parksville water treatment plants that will reduce water purchase costs and accommodate future growth. Management indicated that

treatment plant improvements will be funded primarily through partnerships with the U.S. Department of Agriculture's (USDA) Rural Development. We believe management's success in securing grants from USDA Rural Development programs help temper risks from implementing a moderately sized capital improvement program (CIP).

Other rating factors include the district's:

- Diverse and steadily growing customer base that participates in the Cleveland metropolitan statistical area (MSA), with adequate income levels;
- Competitive water and sewer rates providing the utility's additional revenue-raising flexibility;
- Good operational management, with more than sufficient treatment capacity, and credit-supportive automatic annual rate adjustments;
- All-in coverage metrics and liquidity position, which are expected to improve with the recent rate increases; and
- Standard financial management practices and policies.

Environmental, social, and governance

We analyzed the district's environmental, social, and governance (ESG) factors relative to its enterprise and financial risk profiles and view these risks as neutral in our credit rating analysis. Although the district does not maintain formal drought or flooding contingency planning, the service area does not face high risk and management has mitigated any future effects through secured emergency capacity at neighboring water plants. The systems have built-in redundancies and backup generators in case of tornadoes. We do not consider social risks as significantly elevated, as incomes are adequate compared with the national average and rates are considered affordable. In addition, we believe governance factors are firmed by the recent credit-supportive rate plan.

Outlook

The negative outlook reflects our view that there is a one-in-three chance that rising fixed costs could result in diminished financial capacity that would no longer be consistent with the current rating.

Downside scenario

We anticipate that management will continue to adjust rates as necessary to meet future capital needs and sustain liquidity at current, moderate levels. We could lower the rating if coverage and liquidity reserves show similar volatility as seen in recent years or significantly decline, despite rate adjustments.

Upside scenario

We could raise the rating in the long-term, if the district's economic profile significantly strengthens, as demonstrated by rising incomes while maintaining financial metrics at a level that we consider sustainable as it progresses through its CIP. We anticipate that ongoing growth shares in the cost of related capital investments, and we expect that the district will adjust its rate plans to consider actual service-area growth and service demands.

Ocoee Utility District, Tenn.--Economic and financial data

		Fiscal year-end			
		Most recent	2023	2022	2021
Economic data					
Water customers	8,099				4,745
MHHEBI of the service area as % of the U.S.	85.0				82.0
Unemployment rate (%)	3.5				4.0
Poverty rate (%)	13.1				12.7
Water rate (6,000 gallons or actual) (\$)	64.8				42.0
Sewer rate (6,000 gallons or actual) (\$)	63.2				42.0
Annual utility bill as % of MHHEBI	2.8				1.4
Operational Management Assessment	Good				Standard
Financial data					
Gross revenues (\$000s)		5,852	5,118	5,043	4,623
Total operating expenses less depreciation (\$000s)		5,146	3,772	3,121	2,891
Net revenues available for debt service (\$000s)		1,190	1,750	2,292	--
Debt service (\$000s)		1,664	1,278	1,245	--
S&P Global Ratings-adjusted all-in DSC (x)		0.7	1.4	1.8	1.6
Unrestricted cash (\$000s)		3,553	247	468	3,095
Days' cash of operating expenses		252	24	55	409
Total on-balance-sheet debt (\$000s)		28,284	28,722	19,060	10,166
Debt-to-capitalization ratio (%)		74.1	71.9	62.7	43.8
Financial Management Assessment	Standard	--	--	--	Standard

Most recent economic data available from our vendors. MHHEBI--Median household effective buying income. DSC--Debt service coverage.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.



Professional Objective

A position in management providing the opportunity to make a strong contribution to organizational goals through continued development of professional skills.

Education

- Dec 1995 - Jun 1996 **CERTIFICATE IN WELDING / WELDING INSPECTION**
- Dalton College, Dalton, GA
- Sep 1989 - Dec 1994 **BACHELOR MECHANICAL ENGINEERING**
- Georgia Institute of Technology, Atlanta, GA
 - Pioneered Formula One Electric Vehicle Racing Team
 - Worked full-time in ME machine shop and foundry
 - Assisted in construction of the original 1996 Olympic torch

Work Experience

- Apr 2018 – present **SALES AND BUSINESS OWNER \ AG MANAGEMENT GROUP**
- Included companies:
 - Tecno Poultry Systems, Zucami USA, Sime-Tek, Ag Building Solutions, Ag Manure Solutions, Dorset, Sperotto, WilTech, Heritage Ag
 - Turnkey poultry solutions in the commercial egg market
 - Project management and design
- Jan 2001 – Apr 2018 **TECHNICAL DIRECTOR \ LUBING SYSTEMS, LP**
- Preparing technical reports and documentation
 - Ensuring compliance with FDA/USDA regulations
 - Equipment and manufacturing design
 - International and domestic customer support
 - Direct and organize field installations
 - Oversee QA and product testing
 - Field service and sales support
 - Water analysis and treatment authority
- Sep 2009 - present **OCOEE UTILITY DISTRICT**
- Bradley County Water Commissioner
- Aug 1997 - Dec 2000 **ENGINEERING DESIGN, TECHNICAL SUPPORT / LUBING SYSTEMS, INC.**
- Equipment design
 - Customer field support
 - Quality control
- Apr 1996 - Aug 1997 **PROJECT MANAGER, ENGINEERING / AMERICAN FABRICATORS & ENGINEERS**
- Platform / load designs
 - Job estimating and take-off
 - Safety director
 - Traffic manager
 - Procurement of raw materials
- Apr 1995 - Apr 1996 **MECHANICAL ENGINEER MANUFACTURING / TUFTCO FINISHING SYSTEMS**
- Trained in CNC and basic fabrication processes
 - Safety director
 - Procurement of raw materials and welding supplies
 - Welding inspection
 - Logistics

Skills

- CAD design
- Well organized and proficient with details
- Architectural / mechanical drafting
- Welding
- Pilot

BIO

Tim Lawson

PROFILE

I have made my professional home at the Ocoee Utility District since 1994. The District has grown to serve 8,100 customers located in over 181 square miles of Bradley and Polk Counties and provides wholesale water to Chatsworth Water Works in Murray County, GA. The past few years have seen us begin to provide sewer in our Bradley service area where we currently have approximately 130 customers.

EXPERIENCE

OCOEE UTILITY DISTRICT - GENERAL MANAGER

I have been the general manager of the Ocoee Utility District since January of 1997. Prior to that I served as the administrative manager/acting general manager beginning October 17, 1994.

My role as general manager currently includes oversight of twenty five employees, two water treatment facilities, two wastewater treatment facilities, six distribution storage tanks, and numerous water and wastewater pump stations.

PROFESSIONAL ACHIEVEMENTS

Awards:

- TAUD Alan Gill Leadership Award Recipient 2018
- Two time TAUD Region Leader of the Year

Achievements:

- Tennessee Water Treatment Grade III, Distribution II, Collection I, and Natural Biological Treatment Licenses,
- Helped lead the Ocoee Utility District out of two TDEC commissioners orders to over twenty years of near perfect sanitary survey scores,
- Involved in the early development of the Servline Leak Insurance, and OUD eventually became the pilot for the program,
- Worked with the State Revolving Loan Fund on the initial drinking water funds provided to utility districts in the first loan to be awarded to a non-tax leaving entity,
- IMPACT Fund, developed in 2019 as a round up program that funds education and quality of life efforts within the District primarily for youth, seniors, and veterans.
- TAUD Region 10 Leader since 2005,

- Professionally I'm most proud of the team we've been able to assemble at the District that continues to work hard to improve the service we provide our customers administratively, in the field, and at our treatment facilities.

COMMUNITY INVOLVEMENT

- Board Member Boys & Girls Clubs of the Ocoee Region Ocoee Youth Center Board (Benton & Copper Basin Units Board) 2019 -
- Cleveland Bradley Chamber of Commerce - Public Affairs Committee - 25 year member
- Kiwanis Club of Ocoee - Founding Member
- Ocoee Utility District Employee Christmas Fund Established 2005 – Guided Program that assists 4+ families each Christmas
- Shoes for Orphan Souls volunteer - 10 years
- Smyrna Baptist Church of Ocoee - Youth Sunday school Teacher/AWANA Teacher
- Thrive 2055 - Infrastructure Committee Member (Chattanooga Area Intergovernmental/Business Community Planning Effort)
- Youth Sports - Coached/Volunteered for 30+ Local Teams

5631 WATERLEVEL HWY CLEVELAND, TN 37323 TIMOUD@BELLSOUTH.NET