



TENNESSEE LOCAL DEVELOPMENT AUTHORITY
JUNE 15, 2021
AGENDA

1. Call meeting to order
2. Approval of minutes from the TLDA meeting of May 24, 2021
3. Consideration of a request for approval from the Water Authority of Dickson County to issue Revenue Refunding and Improvement Bonds, Series 2021, in an amount not to exceed \$23,000,000, and to simultaneously repay all its outstanding SRF loans in their entirety
4. Consideration of a request for approval from the City of Franklin to issue Water and Sewer System Revenue Bonds in an amount not to exceed \$22,000,000 senior to its outstanding SRF loans
5. Consideration of a request for approval from the Smith Utility District to issue a USDA Waterworks Revenue Bond in an amount not to exceed \$1,200,000 subordinate to its outstanding SRF loans
6. Consideration of a request for approval from the Big Creek Utility District to issue Waterworks Revenue and Refunding Bonds in an amount not to exceed \$300,000 subordinate to its outstanding SRF loans
7. Consideration of a request for approval from the Griffith Creek Utility District of Marion County to issue Waterworks Revenue Refunding Bonds in an amount not to exceed \$300,000 subordinate to its outstanding SRF loan
8. Report on SRF fund balance to reflect addition of the capitalization grants:
 - Clean Water SRF Balance
 - Drinking Water SRF Balance
9. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
May 24, 2021

The Tennessee Local Development Authority (the “TLDA”) met on Monday, May 24, 2021, at 2:15 p.m. in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable Jason E. Mumpower, Comptroller of the Treasury
The Honorable David H. Lillard, Jr., State Treasurer
Commissioner Butch Eley, Department of Finance and Administration
Ms. Paige Brown, House Appointee

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and included in the meeting notice:

Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the March 22, 2021, TLDA meeting. Mr. Hargett asked for a motion to approve the minutes. Mr. Mumpower made a motion to approve the minutes, and Ms. Brown seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the motion carried, and the minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of a request from the Hallsdale-Powell Utility District (“the District”) to issue refunding bonds in an amount not to exceed \$36,685,000, and to simultaneously repay all its outstanding SRF loans in their entirety. He called upon Ms. Thompson to present the request. Ms. Thompson stated that as required by the guidelines set forth in the SRF/TLDA Policy and Guidance for Borrowers, the District was requesting approval from the TLDA to issue refunding bonds in an amount not to exceed \$36,685,000 to repay all its outstanding SRF loans. She further stated that some of the District’s information was put before the TLDA’s Vice Chair to obtain preliminary approval as was also required by policy and guidance. Ms. Thompson reported that the District had timely repayments on its current SRF loans, had timely filed its audited financial statements, and that it had a security deposit in place as well. She stated that the District was not requesting modification of lien position and that the proposed debt would be structured in a manner that did not constitute balloon indebtedness. She reported that there were no ratings on the current debt outstanding. Ms. Thompson concluded by saying, based on the analysis conducted by the DSGF, the District would have sufficient revenues to meet its obligations, and it appeared to meet TLDA’s guidelines for approval to issue the refunding bonds and repay all of its outstanding SRF loans. Therefore, she stated that staff recommended approval of the request. Mr. Hargett stated that it was his understanding that the savings incurred was about 1%, and Ms. Thompson responded affirmatively. He then stated that the TLDA typically tried to respect the autonomy of local government to be able to make those decisions. Mr. Hargett then made a motion to approve the request, and Mr. Mumpower seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By vote of 6 – 0, the motion carried and the request was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of a Clean Water State Revolving Fund (CWSRF) loan. He recognized Mr. Adeniyi Bakare, SRF Program Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan request. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. He stated the unobligated fund balance was \$49,999,973 as of February 17, 2021. Since that time, the unobligated balance had increased by \$712,262 with the return of previous (unused) funding from Jackson Energy Authority. Upon approval of the loan request to be presented, totaling \$1,445,000, the remaining funds available for loan obligations would be \$49,267,235. He then described the CWSRF loan request.

- **Selmer (SRF 2021-448)** Requesting \$1,445,000 for a infiltration and inflow correction (sewer system evaluation to include manhole inspection, smoke testing, and closed-circuit television (CCTV) to prioritize sewer lines and manholes for rehabilitation to eliminate sources of infiltration and inflow and hydraulic restriction to prevent sanitary sewer overflows (SSOs); recommended interest rate of 0.07% based on the Ability to Pay Index (ATPI); Priority ranking 79 of 83 (FY 2019); Term: 5 years

Mr. Hargett asked if there was any discussion. Hearing none, Mr. Mumpower made a motion to approve the loan, and Ms. Brown seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the motion carried and the loan was unanimously approved.

Mr. Hargett stated that the next item of business was an update on the SRF program's Drinking Water priority ranking list (PRL). He called upon Mr. Bakare to present the item. Mr. Bakare stated that the FY2020 Drinking Water PRL had 48 projects. He stated that potential borrowers for 22 of the projects, totaling \$123,905,253, were currently working with SRF in the funding process, and potential borrowers for nine of the 48 projects, totaling \$102,020,500, were still interested in receiving SRF funding and had resubmitted for the FY2021 PRL. Mr. Bakare stated that three of the 48 projects, totaling \$4,384,925, were anticipated to be funded once planning and design loan requirements were met. He stated that three of the 48 projects had already been funded in the amount of \$3,721,000. He reported that potential borrowers for 11 of the projects on the PRL, totaling \$47,640,560, had been contacted but the communities had not responded or resubmitted for the FY2021 PRL. Mr. Hargett thanked Mr. Bakare and asked if the TLDA had any questions. Hearing none, he then asked if there was other business to be presented. Mr. Bakare responded saying that he had an update on the Clean Water PRL as well. Mr. Hargett apologized and asked him to continue with the update. He stated that the Clean Water PRL had 64 projects. He continued saying, that potential borrowers for 22 of those projects, totaling \$77,576,243, were still interested in receiving SRF funding and may have resubmitted their projects for the FY2021 PRL. He reported that potential borrowers for 20 of the 64 projects on the list were currently working with SRF in the funding process. Those loans represented \$94,270,535. Mr. Bakare stated that five of the 64 projects, totaling \$4,515,585, anticipated to be funded once the communities had completed the planning and design loan requirements. He stated that four of the 64 projects had already been funded by SRF in the amount of 3,275,000. He said that there were four potential borrowers that decided not to proceed with SRF funding for their projects in the amount of \$14,255,000. Finally, he reported that potential borrowers for nine of the projects, totaling \$14,376,000, had been contacted by SRF but had not responded. Mr. Hargett asked if there were any questions about the PRL. There were no questions. This report was for information only. No board action was needed.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Wolfe made a motion, and Mr. Lillard seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 6 – 0, the meeting was adjourned.

Approved on this ____ day of _____, 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Water Authority of Dickson County

101 Cowan Road, Dickson, Tennessee 37055
(615) 441-4188 Fax: (615) 441-9987



June 7, 2021

Ms. Sandi Thompson
Tennessee Local Development Authority Assistant Secretary

via electronic mail

Dear Ms. Thompson:

Water Authority of Dickson County (the "Authority") is in the process of issuing up to \$23,000,000 water and wastewater revenue refunding and improvement bonds. The Authority intends to pay off in full simultaneously with this issuance of bonds the following SRF obligations:

- SRF# 2009-247
- SRF# 2012-295
- SRF# 2017-384
- SRF# 2017-385

Please feel free to contact me if you have questions or need more detailed information at this time.

Sincerely,

A handwritten signature in blue ink that reads "Michael K. Adams". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mike Adams
Executive Director

cc: Mr. Steve Osborne, LGF
Mr. Ben Regen, White & Regen, PLC
Ms. Julianne Graham, Oakdale Municipal Advisors

FINANCING SUMMARY

- The par amount of the aggregate transaction will not exceed \$23,000,000. The preliminary analysis of the transaction is based on a par amount of \$19,370,000.00 that, with a premium structure, produces \$22,681,452.75 in proceeds.
- The Authority will use the proceeds of the Series 2021 Bonds (plus the contribution of the current security deposit for the Refunded Bonds) as follows:
 - (i) approximately \$12,000,000.00 (the new money portion) will be used for financing capital improvements to the Authority's water and wastewater system;
 - (ii) an estimated \$10,494,026.21 (the refunding portion) will be used to currently refund the following loans from the State of Tennessee Wastewater Revolving Fund or Drinking Water Revolving Fund Loan #2017-385, SRF Loan #2017-384, SRF Loan #2012-295, and SRF Loan #2009-247 in addition to Bank of Dickson loans (Loan #3403 and Loan #3395);
 - (iii) an estimated \$186,712.50 will be used to pay costs of issuance on the Bonds; and
 - (iv) approximately \$714.04 is expected in rounding amount (less than \$5,000).
- The Bonds will be secured by the revenues of the Authority's water and wastewater system (the "System") on parity with the Authority's Series 2018 and Series 2020 Bonds.
- The following table outlines the basic structure of the Series 2021 Bonds.

Maximum Par Authorized	\$23,000,000
Dated Date	Date of Issuance (tentative July 19, 2021)
Anticipated Final Maturity	December 1, 2040 (new money portion) December 1, 2034 (refunding portion)
Weighted Average Maturity	9.401 years (combined) 7.447 years (refunding portion) / 7.883 years (refunded bonds) 10.990 years (new money portion)
Interest	Semi-annually—June 1 and December 1
First Interest Payment	December 1, 2021
First Principal Payment	December 1, 2021
Tentative Delivery	July 19, 2021
Expected Call Date	December 1, 2029
Security	Water and Wastewater System Revenues on Parity with Authority's Series 2018 and Series 2020 Bonds

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2022	575,705.00	575,705.00	732,078.95	156,373.95
06/30/2023	853,025.00	853,025.00	794,004.16	(59,020.84)
06/30/2024	856,025.00	856,025.00	793,744.42	(62,280.58)
06/30/2025	852,650.00	852,650.00	788,512.72	(64,137.28)
06/30/2026	828,525.00	828,525.00	739,866.06	(88,658.94)
06/30/2027	799,275.00	799,275.00	739,824.16	(59,450.84)
06/30/2028	799,275.00	799,275.00	739,647.32	(59,627.68)
06/30/2029	797,775.00	797,775.00	739,831.19	(57,943.81)
06/30/2030	794,775.00	794,775.00	739,834.02	(54,940.98)
06/30/2031	802,250.00	802,250.00	698,651.19	(103,598.81)
06/30/2032	721,850.00	721,850.00	656,284.88	(65,565.12)
06/30/2033	722,050.00	722,050.00	656,386.36	(65,663.64)
06/30/2034	721,650.00	721,650.00	656,389.86	(65,260.14)
06/30/2035	720,650.00	720,650.00	656,393.22	(64,256.78)
06/30/2036	-	-	515,706.75	515,706.75
06/30/2037	-	-	232,013.11	232,013.11
06/30/2038	-	-	227,034.35	227,034.35
06/30/2039	-	-	209,653.68	209,653.68
06/30/2040	-	-	91,071.91	91,071.91
Total	\$10,845,480.00	\$10,845,480.00	\$11,406,928.31	\$561,448.31

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	378,786.27
Net PV Cashflow Savings @ 1.582%(AIC).....	378,786.27
Contingency or Rounding Amount.....	2,662.99
Net Present Value Benefit.....	\$381,449.26
Net PV Benefit / \$10,494,026 Refunded Principal.....	3.635%
Net PV Benefit / \$8,470,000 Refunding Principal.....	4.504%

Refunding Bond Information

Refunding Dated Date.....	7/19/2021
Refunding Delivery Date.....	7/19/2021



JASON E. MUMPOWER
Comptroller

June 7, 2021

**City of Franklin
Request for TLDA Approval to Issue Additional Debt**

The City of Franklin is requesting approval from the Tennessee Local Development Authority (TLDA) to issue Series 2021 Water and Sewer Revenue Bonds with a senior lien position to its outstanding State Revolving Fund (SRF) loan agreements. Request for approval is required by provisions set forth in the SRF loan agreement and guidelines set forth in the TLDA/SRF Policy and Guidance for Borrowers. The proposed debt will be issued in an amount not to exceed \$22,000,000.

The following provides details about the transaction:

1. The requestor is a:

- ☐ Utility District or Water/Wastewater Authority planning to issue Revenue Debt
Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? ☐ Yes ☒ No
- ☒ Municipality (town/city/county) planning to issue:
☐ 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 ☒ No

2. Lien Position:

- ☐ The borrower is requesting to issue the refunding bonds subordinate to its outstanding SRF loan(s).
- ☒ The borrower is requesting to subordinate the lien position of its outstanding SRF debt to the lien position of its new debt issuance.
- ☐ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.



JASON E. MUMPOWER
Comptroller

3. The purpose of the proposed debt issuance is:

☐ Refunding
☒ New Money

4. Description and Additional Information:

The City plans to issue the 2021 WS Revenue Bonds at competitive, public sale as a single series. The 2021 WS Revenue Bonds will be issued in accordance with the City's Debt Management Policy dated December 12, 2017.

In 2015, the City began preparing for the need to renovate and expand the treatment capacity of its wastewater treatment plant, referred to herein as the "Wastewater Treatment Plant Project" or "Project". The Wastewater Treatment Plant Project costs approximately \$152,000,000. In October 2016, the City requested TLDA modify the lien on the then outstanding and approved four (4) SRF Loans to a parity lien with the City's Water and Sewer System Revenue Bonds, Series 2017 (the "2017 WS Revenue Bonds"), which were issued in the amount of \$12,000,000 for the purpose of improving the City's Water Filtration Plant. The City's request was granted at the TLDA meeting on November 29, 2016. Following the issuance of the 2017 WS Revenue Bonds, TLDA also approved in 2017 three additional SRF Loans in the total amount of \$100,000,000 for the purpose of expanding and improving the City's Wastewater Treatment Plant.

The City has been working closely with the SRF program and has been notified that \$10,000,000 would be available to borrow resulting in a funding deficit of \$22,000,000 for the Project. To fund the deficit, the City will need to issue approximately \$22,000,000 Water and Sewer System Revenue Bonds, Series 2021.

5. The debt rating of the borrower is:

Please indicate N/R if not rated.

Aa3 Moody's
N/R Standard and Poor's
N/R Fitch

The City's Water and Sewer System Revenue Bond credit is rated Aa3 by Moody's. In its credit report dated January 19, 2017, Moody's cited two credit challenges:



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Comptroller

- 1) sizeable future debt issuance expected for Wastewater Treatment Plant Project, and
- 2) revenue debt issuance is subordinate to outstanding General Obligation backed water and sewer debt.

Moody's reviewed the credit within the last year and on September 18, 2020, issued a report affirming its rating of Aa3. Given that the City has increased its borrowing from the SRF Program since issuing the 2017 WS Revenue Bonds, the City expects Moody's to view the subordination of the SRF Loans as a credit positive. As the City approaches the maturity of its General Obligation-backed water and sewer debt and the completion of the Project, the City is positioning itself to improve and upgrade the credit rating to at least Aa2. The subordination of the SRF Loans will improve the City's credit position for a potential future rating upgrade.

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

Note: In addition to the loans listed, the City has applied for additional SRF funding in the amount of \$10,000,000

Borrower	City of Franklin						
Date	5/19/2021						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @5/19/2021	MADS*
Sewer	CGA 09-250	Repayment	3,147,000.00	-	40%	1,199,761.00	122,175.60
Sewer	CG2 16-367	Repayment	1,822,741.00	-	0%	1,486,975.00	129,852.00
Sewer	SRF 16-374	Repayment	442,986.00	-	0%	263,104.00	22,980.00
Sewer	CG5 17-375	Repayment	1,500,000.00	-	15%	1,215,026.00	52,584.00
Sewer	SRF 17-376	Repayment	78,500,000.00	-	0%	78,326,266.00	3,237,492.00
Sewer	SRF 17-398	Construction	3,114,132.00	16,885,868.00	0%	3,114,132.00	824,838.00
Water	DWA 09-097	Repayment	2,500,000.00	-	40%	823,822.30	98,214.00
						86,429,086.30	4,488,135.60

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

☒ Yes ☐ No



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Comptroller

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

___ Yes ___ No

Amount on deposit:

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

☒ Yes ___ No

The City filed its audited financial statements for the fiscal year ended June 30, 2020, with the Division of Local Government Audit within six months after the fiscal year end.

d. Sufficient Revenues [7.(k)]

☒ Yes ___ No

For the fiscal year ended June 30, 2020, the City's audited financial statements reflected operating income of \$3,751,005, and a positive change in net position of \$13,293,561, for the Water and Sewer Fund. As reported on the statement of cash flows, debt service payments for fiscal year 2020 were \$5,653,726 consisting of principal payments of \$4,357,931 and interest payments of \$1,295,795.

As of the fiscal year ended June 30, 2020, the City reported \$28,580,261 in unrestricted cash and investments and \$10,882,442 in restricted cash and investments.

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

The current and projected Debt Service Coverage Ratio is equal to 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):



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The City's debt service coverage ratio for the City's Water and Sewer Fund was 1.87x for fiscal year 2020 and is estimated to be 1.88x for fiscal year 2021 (provided by the City). The City has met the debt service coverage requirement for fiscal year 2020 and projects that it will meet it for fiscal year 2021.

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

The City prepared forecasted debt service coverage ratios for its Water and Sewer Fund and projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 1.37x to 1.26x for fiscal years 2022 through 2024.

- f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)?**
[7.(n)]

___ Yes ☒ No

If yes, reason for referral: ___ Water Loss ___ Financial Distress ☒ N/A

If the reason is for 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. State-Shared Taxes (SST): (Towns, Cities, Counties): N/A

\$7,799,418.00	Received in prior fiscal year
<u>\$4,488,135.60</u>	Total Maximum Annual Debt Service
\$3,311,282.40	Unobligated SSTs

9. Conclusion

Based on our analysis, it appears the City meets the TLDA's criteria to issue the Bonds with a senior lien position to its SRF loans.

Attachments:

Debt Service Coverage Ratios

Attachment A - Financial Projections; Proforma Debt Service Coverage

City of Franklin, Tennessee Current and Pro-Forma (Projected) Debt Service Coverage					
Water & Sewer Fund					
Fiscal Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service^{(f)(g)}	Coverage
2020 ^(a)	32,254,195	21,059,783	11,194,412	5,975,573	1.87 x
2021 ^(b)	34,923,693	22,085,981	12,837,712	6,819,421	1.88 x
2022 ^(c)	35,429,387	22,576,290	12,853,097	9,383,643	1.37 x
2023 ^(d)	35,947,234	23,077,484	12,869,750	10,232,252	1.26 x
2024 ^(e)	37,025,651	23,769,809	13,255,842	10,489,823	1.26 x

^(a) FY 2020 Operating Revenues and Expenses are based on actual; refer to the City's FY 2020 Annual Financial Report.

^(b) FY 2021 Operating Revenues and Expenses are projected.

^(c) FY 2022 Projected Operating Revenues include a budgeted rate increase for water (2.9%) and sewer (3.1%) effective Jan. 1, 2022. Operating Expenses are projected.

^(d) FY 2023 Projected Operating Revenues include a budgeted rate increase for water (2.9%) and sewer (3.1%) for the full year. Operating Expenses are projected.

^(e) FY 2024 Projected Operating Revenues and Expenses increase by 3%. The City expects a similar rate increase as referenced above to be put in place.

^(f) Debt Service includes all outstanding and proposed debt. Proposed debt includes the Series 2021 WS Revenue Bonds are issued over 20 years, level debt service to fund \$22 Million in project cost.

^(g) In addition to the Series 2021 WS Revenue Bonds, the Debt Service also includes estimated amortization schedule for the SRF Loans that are being expended and for the \$10M SRF Loan that has been applied for.



HISTORIC
FRANKLIN
TENNESSEE

June 3, 2021

Ms. Sandra Thompson, Assistant Secretary
Tennessee Local Development Authority
Tennessee Comptroller of the Treasury
Cordell Hull Building
425 Rep. John Lewis Way, N.
Nashville, TN 37243

Re: City of Franklin, Tennessee – Request for State Revolving Fund Lien Modification

Dear Ms. Thompson:

The City of Franklin, Tennessee (the “City”) respectfully submits this request for approval to the Tennessee Local Development Authority (“TLDA”) to modify the lien position of the City's existing State Revolving Fund Loans (“SRF Loans”). Over the last several years, the City has been the recipient of seven (7) 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”).

History and Background

In 2015, the City began preparing for the need to renovate and expand the treatment capacity of its wastewater treatment plant, referred to herein as the “Wastewater Treatment Plant Project” or “Project”. The Wastewater Treatment Plant Project costs approximately \$152,000,000. In October 2016, the City requested TLDA modify the lien on the then outstanding and approved four (4) SRF Loans to a parity lien with the City's Water and Sewer System Revenue Bonds, Series 2017 (the “2017 WS Revenue Bonds”), which were issued in the amount of \$12,000,000 for the purpose of improving the City's Water Filtration Plant. The City's request was granted at the TLDA meeting on November 29, 2016. Following the issuance of the 2017 WS Revenue Bonds, TLDA also approved in 2017 three additional SRF Loans in the total amount of \$100,000,000 for the purpose of expanding and improving the City's Wastewater Treatment Plant.

The plan of finance for the Wastewater Treatment Plant Project includes the following sources of funds:

Source of Funds:	Wastewater Treatment Plant Project
SRF Loans (3) – Authorized & Outstanding	\$100,000,000
SRF Loans – Future Funding (not yet authorized) *	10,000,000
Proposed 2021 WS Revenue Bonds	22,000,000
Water and Sewer System Cash	20,000,000
Total	\$152,000,000

*The City has been working closely with the SRF program and has been notified that \$10,000,000 is available to be borrowed resulting in a funding deficit of \$22,000,000 for the Project. To fund the deficit, the City will need to issue approximately \$22,000,000 Water and Sewer System Revenue Bond, Series 2021 (the “2021 WS Revenue Bonds”).

City of Franklin SRF Loans

As referenced above, the City has seven (7) authorized and outstanding SRF Loans. The three (3) highlighted in blue represent the SRF Loans that are included in the Project Sources of Funds which total \$100,000,000.

SRF Loans Authorized with Outstanding Balances	Amount Authorized	Amount Outstanding (5/1/21)	Status	City of Franklin Notes
2009 Clean Water SRF Loan	\$ 3,147,000	\$ 1,207,161	Amortizing	
2009 Drinking Water SRF Loan	\$ 2,500,000	\$ 829,991	Amortizing	
CG2 2016-367	\$ 1,822,741	\$ 1,496,749	Amortizing	
SRF 2016-374	\$ 442,986	\$ 264,838	Amortizing	
CG5 2017-375 (\$250K principal forgiven)	\$ 1,500,000	\$ 1,217,900	Amortizing	
SRF 2017-376	\$ 78,500,000	\$ 78,500,000	Amortizing	Repayment began May 2021.
SRF 2017-398	\$ 20,000,000	\$ 3,114,132	Expending	First draw submitted for Feb 2021 expenses.
SRF Loans Applied for without Outstanding Balances	Amount Authorized	Amount Outstanding (5/1/21)		City of Franklin Notes
Applied For	\$ 10,000,000	N.A.	N.A.	Include Notes on the City's application and refer to "Future Funding" above

Also listed above is \$10,000,000 as a future SRF Loan. The City has applied for and is expecting this \$10,000,000 in SRF Loans will be applied to the Project. For purposes of this request, we have assumed the \$10,000,000 is authorized and the City will have eight (8) SRF Loans by the end of calendar year 2021.

Request for Lien Modification – *Business Case*

The City is requesting that the existing seven (7) authorized and outstanding SRF Loans and the one (1) applied for SRF Loan, referred to below as the “SRF Loans”, be subordinate to the 2017 WS Revenue Bonds and 2021 WS Revenue Bonds. The requested lien modification request (subordination) will not adversely affect the security or timely payment of the City’s SRF Loans. The City is currently in compliance with its SRF Loans’ covenants and is timely with payments and submissions of its financial information.

The City’s Water and Sewer System Revenue Bond credit is rated Aa3 by Moody’s. In its credit report dated January 19, 2017, Moody’s cited two credit challenges: 1) sizeable future debt issuance expected for Wastewater Treatment Plant Project and 2) revenue debt issuance is subordinate to outstanding General Obligation backed water and sewer debt. Moody’s reviewed the credit within the last year and on September 18, 2020, issued a report affirming its rating of Aa3.

Given that the City has increased its SRF Loans since issuing the 2017 WS Revenue Bonds, the City expects Moody’s to view the subordination of the SRF Loans as a credit positive. As the City approaches the maturity of its General Obligation backed water and sewer debt and the completion of the Project, the City is positioning itself to improve and upgrade the credit rating to at least Aa2. The subordination of the SRF Loans will improve the City’s credit position for a potential future rating upgrade.

Request for Lien Modification – *Financial Case*

The City’s water and sewer system has substantial revenues to support the operations of the system and its debt obligations, including the SRF Loans, 2017 WS Revenue Bonds and 2021 WS Revenue Bonds. The City believes this trend will continue. The City pledges to keep Debt Service Coverage (“DSC”) at a

level of 1.25x, above the *TLDA/SRF Policy and Guidance for Borrowers* requirement of 1.20x. 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. It is the City's opinion that the request for lien modification would not, in any way, limit the City's ability to pay debt service on its debt obligations.

A subordinated lien for the SRF Loans will position the City and its water and sewer system credit for an improved credit rating in the future which will result in a lower cost of borrowing. It is also important to note that the 2017 WS Revenue Bonds and 2021 WS Revenue Bonds will only be secured by water and sewer system revenues. The SRF Loans are additionally secured by ad valorem taxes and state-shared taxes of the City, providing the TLDA with an unusually high level of security for its SRF Loans. The City's General Obligation Bond Ratings of Aaa from Moody's and AAA from Standard & Poor's are indications of the strong backup pledges provided for the SRF Loans.

Factors for Consideration – Subordinate 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 confirms 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 2017 WS Revenue Bonds are currently rated "Aa3" by Moody's. See Attachment B.
- *Purpose and amount of proposed debt issuance* - The City plans to issue approximately \$20,000,000 2021 WS Revenue Bonds at competitive, public sale as a single series. The 2021 WS Revenue Bonds will be issued in accordance with the City's Debt Management Policy dated December 12, 2017.
- *Current and proforma (projected) debt service coverage* - The current and proforma projected debt service coverage currently exceeds 1.20x DSC for debt obligations, including the proposed 2021 WS Revenue Bonds. See Attachment A.
- *Amount of unobligated state-shared taxes* - The City will not secure the 2021 WS Revenue Bonds with unobligated state shared tax revenues.
- *The water and sewer system reliance on revenues generated from its largest user(s) as a percentage of total system revenues* – As of Fiscal Year 2020, the ten largest water and sewer system users within the categories of Water Sales, Sewer Sales represents \$2,412,058 or 7.48% of all water and sewer system revenues. Of which, the largest user was Franklin Estates (residential) accounted for 1.21% of all water and sewer system revenues.

It is the City's intention to continue to utilize the SRF program and, when needed, revenue bonds to provide the most cost-effective financing options. The City appreciates the partnership with the SRF program and TLDA. Please contact me with any questions.

Sincerely,

A handwritten signature in dark ink that reads "Kristine Brock". The signature is written in a cursive, flowing style.

Kristine Brock
City of Franklin, Tennessee
Asst. City Administrator/CFO
kristine.brock@franklin.tn.gov
615-550-6691

CC: Ms. Lillian Blackshear, *Bass, Berry & Sims*
Ms. Lauren Lowe, *PFM Financial Advisors LLC*
Mr. Nick Yatsula, *PFM Financial Advisors LLC*

30717242.1



ISSUER COMMENT

18 September 2020

RATING

Revenue ¹

Aa3 No Outlook

Contacts

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CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
EMEA 44-20-7772-5454

City of Franklin

Annual Comment on Franklin Water & Sewer

Issuer Profile

Franklin Water & Sewer provides water and wastewater service to the City of Franklin and outer areas around Franklin within Williamson County, Tennessee. Williamson County has a population of 218,648 and a moderate population density of 375 people per square mile. The county's median family income is \$122,501 (1st quartile) and the July 2020 unemployment rate was 6.4% (1st quartile) ². The water system source its water from the Harpeth River and through a treated water purchase contract with Harpeth Valley Utility District. The city's water treatment facility treats water from the Harpeth River, blended with the purchased treated water which is distributed to customers via a series of water mains. The sewer system collects wastewater via gravity-sewer lines, force-main lines and sewage lift stations which is then treated it at a wastewater treatment plan and discharged into the Harpeth River.

Credit Overview

Franklin Water & Sewer has a good credit position. Its Aa3 rating is equivalent to the median rating of Aa3 for water and wastewater systems nationwide. Notable credit factors include an affluent service area, moderately sized system and robust liquidity. The rating also reflects an exceptionally low debt profile and healthy debt service coverage.

System Characteristics: Overall, the system profile of Franklin Water & Sewer is strong and slightly favorable in comparison to the assigned rating of Aa3. The median family income equals a significant 147.2% of the US level. System size, measured as operating and maintenance expenses (\$20.4 million), is favorably above the US median.

Financial Strength: The financial position of Franklin Water & Sewer is superlative and is very strong with respect to its Aa3 rating. The days cash on hand (394 days) is solid but below the US median, but it has gone up between 2015 and 2019. Also, the debt to operating revenues (1.5x) is consistent with other Moody's-rated water and wastewater systems nationwide. Lastly, the coverage of the annual debt service by net revenues (2.7x) is strong and higher than the US median.

Legal Provisions: Franklin Water & Sewer's legal provisions, including a rate covenant minimum of 1.25x coverage of debt service, are strong for this sector.

Sector Trends - Tennessee Water and Sewer

Water and sewer systems in Tennessee tend to be of average age and usually require typical ongoing maintenance. Debt service coverage (2.4 times) is higher than the US medians. Liquidity positions for Tennessee municipal utilities are below the national medians but still very strong with the median days cash on hand amounting to 401 days. Debt to operating revenues (2.1 times) is equal to the US median of 2.1 times. However, many systems have



JASON E. MUMPOWER
Comptroller

June 10, 2021

**Smith Utility District
Request for TLDA Approval to Issue Additional Debt**

The Smith Utility District is requesting approval from the Tennessee Local Development Authority (TLDA) to issue a USDA Waterworks Revenue Bond (the "Bond") subordinate to its outstanding State Revolving Fund (SRF) loan agreement. Request for approval 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 proposed debt will be issued in an amount not to exceed \$1,200,000

The following provides details about the transaction:

1. The requestor is a:

- ☒ Utility District or Water/Wastewater Authority planning to issue 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
- ___ Municipality (town/District/county) planning to issue:
___ 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 ___ No

2. Lien Position:

- ___ The borrower is requesting to issue the refunding bonds subordinate to its outstanding SRF loan(s).
- ___ The borrower is requesting to subordinate the lien position of its outstanding SRF debt to the lien position of its new debt issuance.
- ☒ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.



JASON E. MUMPOWER
Comptroller

3. The purpose of the proposed debt issuance is:

☐ Refunding
☒ New Money

4. Description and Additional Information:

The USDA has offered to loan the District \$1,200,000 at a rate not greater than 1.5%, payable in 480 equal consecutive monthly installments of principal and interest. The District will use the proceeds of the loan to replace the water line along Main Street in Gordonsville.

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	Smith Utility District						
Date	5/19/2021						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @5/19/2021	MADS*
Water	DGA 09-094	Repayment	300,000.00	-	40%	90,855.70	10,368.00
Water	DW5 16-182	Repayment	1,464,500.00	-	25%	914,473.00	57,893.00
Water	DWF 17-194	Repayment	160,787.00	-	0%	136,304.00	8,664.00
Water	DW6 19-212	Repayment	933,000.00	-	20%	703,114.00	40,358.00
Water	DWF 19-219	Repayment	85,000.00	-	0%	80,271.00	4,463.00
							121,746.00



JASON E. MUMPOWER
Comptroller

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

☒ Yes ☐ No

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

☒ Yes ☐ No

Amount on deposit: \$121,746

c. GAAP Accounting and Audited Annual Financial Statement Requirement

[7.(g) and (m)(2)]

☐ Yes ☐ No

The District did not file its audited financial statements for the fiscal year ended December 31, 2019, with the Division of Local Government Audit within six months after the Authority fiscal year end. The delay in filing was due to the timing of the release of the required TCRS report and the District's year end.

d. Sufficient Revenues [7.(k)]

☒ Yes ☐ No

For the fiscal year ended December 31, 2020, the District's audited financial statements reflected operating income of \$631,548, and a positive change in net position of \$934,797. As reported on the cash flow statement, debt service payments for fiscal year 2020 were \$473,945 consisting of principal payments of \$356,168 and interest payments of \$117,776.

As of the fiscal year ended December 31, 2020, the District reported \$4,873,110 in unrestricted cash and investments and \$600,115 in restricted cash and cash equivalents.



JASON E. MUMPOWER
Comptroller

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

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.

☒ Yes ☐ No

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

Most Recent Fiscal Year (m)(3):

The District's debt service coverage ratio for was 4.23x for fiscal year 2020 and is estimated to be 4.08x for fiscal year 2021 (provided by the District). The District has met the debt service coverage requirement for fiscal year 2020 and projects to meet it for 2021.

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

The District prepared forecasted debt service coverage ratios and projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 3.65x to 3.80x for fiscal years 2022 through 2024.

f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)? [7.(n)]

☐ Yes ☒ No

If yes, reason for referral: ☐ Water Loss ☐ Financial Distress ☒ N/A

If the reason is for 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. State-Shared Taxes (SST): (Towns, Cities, Counties): N/A

\$ _____ Received in prior fiscal year



JASON E. MUMPOWER
Comptroller

\$ _____ Total Maximum Annual Debt Service
\$ _____ Unobligated SSTs

9. Conclusion

Based on our analysis, it appears the District meets the TLDA's criteria to issue the Bond subordinate to its SRF loans.

Attachments:

Debt Service Coverage Ratios

Smith Utility District – Debt Service Coverage

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses⁽¹⁾</u>	<u>Net Revenue</u>		<u>Coverage</u>
			<u>Available For</u>	<u>Debt Service⁽³⁾</u>	
2020	\$ 2,554,090.94	\$ 1,340,824.96	\$ 1,213,265.98	\$ 280,648.00	4.32
2021 ⁽²⁾	\$ 2,559,700.00	\$ 1,387,410.00	\$ 1,172,290.00	\$ 287,412.00	4.08
2022 ⁽²⁾⁽³⁾	\$ 2,610,894.00	\$ 1,415,158.20	\$ 1,195,735.80	\$ 327,366.00	3.65
2023 ⁽²⁾⁽³⁾	\$ 2,663,111.88	\$ 1,443,461.36	\$ 1,219,650.52	\$ 327,294.00	3.73
2024 ⁽²⁾⁽³⁾	\$ 2,716,374.12	\$ 1,472,330.59	\$ 1,244,043.53	\$ 327,228.00	3.80

(1) Excludes depreciation

(2) Budgeted for 2021; Projected for 2022-2024 based on 2% growth in revenues and expenses

(3) Assumes USDA Bond issued on January 1, 2022

SMITH UTILITY DISTRICT
193 Gordonsville Highway
Carthage, TN 37030

June 3, 2021

Via Email (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, TN 37243

Re: Smith Utility District of Smith County, Tennessee (the "District") –
Proposed \$1,200,000 USDA Waterworks Revenue Bond

Dear Ms. Thompson:

The United States Department of Agriculture (the "USDA") has offered to loan the District \$1,200,000 at a rate not greater than 1.5%, payable in 480 equal consecutive monthly installments of principal and interest. The District will use the proceeds of the loan to replace the water line along Main Street in Gordonsville.

The District is party to four revolving fund loan agreements with the State maturing in 2030, 2037, 2038 and 2040. Pursuant to Section 7(m) of the Revolving Fund Loan Agreements for Utility Districts entered into among TDEC, the Tennessee Local Development Authority and the District, the District is required to seek prior approval of the Authority before issuing additional debt payable from the revenues of the system.

On the District's behalf, I am asking that the Tennessee Local Development Authority consider approving the proposed USDA loan at its next meeting. I note that the loan is proposed to be secured on a subordinate basis to the State's revolving fund loans. To that end, I am enclosing copies of:

- Proposed bond resolution
- Financing commitment from Rural Development

The District's most recent audited financial statements (through FYE December 31, 2021) are posted to the Comptroller's repository website.

The District's debt service requirements for the five fiscal years beginning January 1, 2022, assuming the issuance of the USDA Bond on January 2, 2022, is as follows:

<u>Year</u>	<u>Existing Debt Service</u>	<u>USDA Bond</u>	<u>Total Debt Service</u>
2022	\$ 179,718	\$ 40,032	\$ 219,750
2023	\$ 182,933	\$ 40,032	\$ 222,965
2024	\$ 186,192	\$ 40,032	\$ 226,224
2025	\$ 189,628	\$ 40,032	\$ 229,660
2026	\$ 193,121	\$ 40,032	\$ 233,153

The District expects its 2022 through 2026 fiscal year results to be largely consistent with its 2019 results. Based on the foregoing, the District's FY2019 net revenues (in excess of \$1,200,000) will cover future debt service requirements by well more than 120% in each of the 2022-2026 fiscal years.

I am happy to answer any questions you may have and, if necessary, to attend the June 15 TLDA meeting. You may also contact of bond counsel, Jeff Oldham at Bass, Berry & Sims, with any questions. Please let me know when the approval will be considered.

Thanks for your help.

Yours truly,

SMITH UTILITY DISTRICT


Board President

cc: Jeffrey Oldham, Bass, Berry & Sims (via e-mail – joldham@bassberry.com)



193 Gordonsville Hwy
P O Box 28
Carthage, TN 37030
615-735-2793 – Office
615-735-0795 – Plant

June 8, 2021

Alicia West
Program Accountant
Comptroller of the Treasury
Division of State Government Finance
4th Floor
425 Rep. John Lewis Way N.
Nashville, TN 37243-3400

RE: SMITH UTILITY DISTRICT

Dear Ms. West:

I am the office manager for Smith Utility District. Pursuant to your office's recent request, I am responding to the reason for our late filing of the District's audit with the state. Our audit has been late every year in the recent past since the state requires certain pension information to be included in the audit. However, TCRS doesn't provide the numbers until sometime in October. This is a problem for us since our fiscal year is the same as the calendar year (Jan-Dec).

Please contact me should you desire any further information on the above matters.

Sincerely,

SMITH UTILITY DISTRICT

By:

Teresa A. Lankford
Office Manager

TAL/jdb

"Smith Utility District is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send you completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1440 Independence Avenue, S.W., Washington D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov."



JASON E. MUMPOWER
Comptroller

June 7, 2021

**Big Creek Utility District
Request for TLDA Approval to Issue Additional Debt**

The Big Creek Utility District of Grundy County is requesting approval from the Tennessee Local Development Authority (TLDA) to issue Waterworks Revenue and Refunding Bonds (the “Bonds”) subordinate to its outstanding State Revolving Fund (SRF) loan agreement. Request for approval 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 proposed debt will be issued in an amount not to exceed \$300,000.

The following provides details about the transaction:

1. The requestor is a:

- ☒ Utility District or Water/Wastewater Authority planning to issue 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
- ___ Municipality (town/city/county) planning to issue:
___ 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 ___ No

2. Lien Position:

- ___ The borrower is requesting to issue the refunding bonds subordinate to its outstanding SRF loan(s).
- ___ The borrower is requesting to subordinate the lien position of its outstanding SRF debt to the lien position of its new debt issuance.
- ☒ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.



JASON E. MUMPOWER
Comptroller

3. The purpose of the proposed debt issuance is:

☒ Refunding
☐ New Money

4. Description and Additional Information:

The proceeds of the Bonds, along with funds provided by the District, would be used to (i) refund the District's outstanding Waterworks Revenue Bonds, Series 2003, dated February 15, 2005 (the "Series 2003 Bonds"), and (ii) pay costs of issuing the Bonds. The Bonds would be sold by direct placement sale to Citizens Tri-County Bank at an interest rate of 1.94%. The Series 2003 Bonds to be refunded carry an interest rate of 4.515%. Estimated net present value savings is \$132,481 or 29%.

The Bonds would be payable solely from and secured solely by a lien on the net revenues of the District's waterworks system, on parity with the District's outstanding Waterworks Revenue Bond, Series 2020 (the "Series 2020 Bonds") and subordinate to the District's outstanding SRF Loans and Waterworks Revenue Refunding Bond, Series 2014.

The District submitted a request for a report on refunding to the Division of Local Government Finance (LGF) on June 1, 2021, as required by T.C.A. Section 9-21-903. Also note that the Bond is not structured in a manner that constitutes balloon indebtedness for purposes of T.C.A. Section 9-21-133.

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



JASON E. MUMPOWER
Comptroller

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

Borrower	Big Creek Utility District						
Date	6/1/2021						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @5/31/2021	MADS*
Water	DW2 13-135	Repayment	2,120,765.00	-	20%	1,314,826.00	84,828.00
Water	DW2 17-188	Repayment	299,235.00	-	20%	79,872.00	47,975.00
Water	DWF 17-189	Repayment	156,796.00	-	0%	54,009.86	25,944.00
							158,747.00

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

☒ Yes ☐ No

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

☒ Yes ☐ No

Amount on deposit: \$158,747

c. GAAP Accounting and Audited Annual Financial Statement Requirement

[7.(g) and (m)(2)]

☐ Yes ☒ No

The District did not file its audited financial statements for the fiscal year ended February, 28 2020, with the Division of Local Government Audit within six months after the Authority fiscal year end. The report was late due to the timing of the borrower's fiscal year end and the release of the TCRS report.



JASON E. MUMPOWER
Comptroller

d. Sufficient Revenues [7.(k)]

☒ Yes ☐ No

For the fiscal year ended June 30, 2020, the District reported operating income of \$341,962 and a positive change in regulatory net position (that is, excluding capital contributions) of \$344,404, which demonstrates that its rate structure provides sufficient revenues to meet the District's expenses, including depreciation, and support continued customer growth.

As reported on the statement of cash flows, debt service payments for fiscal year 2020 were \$340,919 which included principal payments of \$306,592, interest payments of \$34,327.

As of the fiscal year ended June 30, 2020, the District reported \$2,328,829 in unrestricted cash and investments, and \$485,833 in cash restricted for its water system. The District reported an additional \$173,038 in its SRF reserve fund.

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

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.

☐ Yes ☒ No

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

Most Recent Fiscal Year (m)(3):

The City's debt service coverage ratio was 0.52x for fiscal year ended June 30, 2020, and is estimated to be 0.53x for fiscal year 2021. The District has not met the debt service coverage requirement for fiscal year ended June 30, 2020.

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

The District's forecasted debt service coverage ratios and projects that it will not meet the debt service coverage requirement with estimated debt service to net revenues ranging from 0.53x to 0.55x for fiscal years 2022 through 2024 after the issuance of the Series 2021 Refunding Bonds.

Source of debt service coverage ratios: Debt Service Analysis Schedule provided by the District, included as an attachment to this summary document.



JASON E. MUMPOWER
Comptroller

f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)?
[7.(n)]

____ Yes ☒ No

If yes, reason for referral: ____ Water Loss ____ Financial Distress ☒ N/A

If the reason is for 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. State-Shared Taxes (SST): (Towns, Cities, Counties): N/A

\$ _____ Received in prior fiscal year
\$ _____ Total Maximum Annual Debt Service
\$ _____ Unobligated SSTs

9. Conclusion

Although it appears that due to insufficient debt service coverage ratios the District does not meet the TLDA's criteria to issue the refunding bonds subordinate to its State Revolving Fund (SRF) loans, the District has significant unrestricted cash reserves which cover at least two years' worth of debt service payments. Therefore, we recommend the TLDA's approval for the District to issue refunding bonds with a parity lien position to its outstanding SRF loan agreements.

Attachment:

Debt Service Coverage Ratios



JASON E. MUMPOWER
Comptroller

**Debt Service Coverage Analysis for
Big Creek Utility District of Grundy County, Tennessee**

	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Pro Forma 2021	Pro Forma 2022	Pro Forma 2023	Pro Forma 2023
Operating Revenue:								
Sale of Water	\$ 1,556,694	\$ 1,661,105	\$ 1,623,860	\$ 1,708,712	\$ 1,742,886	\$ 1,777,744	\$ 1,813,299	\$ 1,849,565
Other revenues	\$ 96,892	\$ 90,804	\$ 114,923	\$ 118,102	\$ 120,525	\$ 122,930	\$ 125,395	\$ 127,902
Interest	\$ 12,092	\$ 14,078	\$ 26,310	\$ 37,935	\$ 38,694	\$ 39,468	\$ 40,257	\$ 41,062
Total Operating Revenues	\$ 1,665,679	\$ 1,765,987	\$ 1,765,093	\$ 1,864,809	\$ 1,902,105	\$ 1,940,147	\$ 1,978,950	\$ 2,018,529
Operating Expenses								
Cost of Water	\$ 1,200,056	\$ 1,106,128	\$ 1,197,359	\$ 1,171,827	\$ 1,195,263	\$ 1,219,169	\$ 1,243,552	\$ 1,268,423
Salaries, Materials and Supplies	\$ 290,467	\$ 299,006	\$ 311,140	\$ 313,086	\$ 319,347	\$ 325,734	\$ 332,249	\$ 338,894
Other Expenses	\$ 44,352	\$ 39,395	\$ 29,409	\$ 35,493	\$ 36,203	\$ 36,927	\$ 37,666	\$ 38,419
	\$ 1,534,876	\$ 1,444,529	\$ 1,537,907	\$ 1,520,406	\$ 1,550,814	\$ 1,581,830	\$ 1,613,467	\$ 1,645,736
Net Revenue Available for Debt Service	\$ 130,803	\$ 321,458	\$ 227,186	\$ 344,403	\$ 351,291	\$ 358,317	\$ 365,483	\$ 372,793
Current Maximum Annual Bond Debt Service	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800
Current Coverage	0.20 X	0.48 X	0.34 X	0.52 X	0.53 X	0.54 X	0.55 X	0.56 X
Debt Service after Series 2020 Refunding	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952
Debt Service Coverage	0.19 X	0.47 X	0.33 X	0.51 X	0.52 X	0.53 X	0.54 X	0.55 X

**Debt Service Coverage Analysis for
Big Creek Utility District of Grundy County, Tennessee**

	Audited 2017	Audited 2018	Audited 2019	Audited 2020	Pro Forma 2021	Pro Forma 2022	Pro Forma 2023	Pro Forma 2023
Operating Revenue:								
Sale of Water	\$ 1,556,694	\$ 1,661,105	\$ 1,623,860	\$ 1,708,712	\$ 1,742,886	\$ 1,777,744	\$ 1,813,299	\$ 1,849,565
Other revenues	\$ 96,892	\$ 90,804	\$ 114,923	\$ 118,162	\$ 120,525	\$ 122,936	\$ 125,395	\$ 127,902
Interest	\$ 12,092	\$ 14,078	\$ 26,310	\$ 37,935	\$ 38,694	\$ 39,468	\$ 40,257	\$ 41,062
Total Operating Revenues	\$ 1,665,679	\$ 1,765,987	\$ 1,765,093	\$ 1,864,809	\$ 1,902,105	\$ 1,940,147	\$ 1,978,950	\$ 2,018,529
Operating Expenses								
Cost of Water	\$ 1,200,056	\$ 1,106,128	\$ 1,197,359	\$ 1,171,827	\$ 1,195,263	\$ 1,219,169	\$ 1,243,552	\$ 1,268,423
Salaries, Materials and Supplies	\$ 290,467	\$ 299,006	\$ 311,140	\$ 313,086	\$ 319,347	\$ 325,734	\$ 332,249	\$ 338,894
Other Expenses	\$ 44,352	\$ 39,395	\$ 29,409	\$ 35,493	\$ 36,203	\$ 36,927	\$ 37,666	\$ 38,419
	<u>\$ 1,534,876</u>	<u>\$ 1,444,529</u>	<u>\$ 1,537,907</u>	<u>\$ 1,520,406</u>	<u>\$ 1,550,814</u>	<u>\$ 1,581,830</u>	<u>\$ 1,613,467</u>	<u>\$ 1,645,736</u>
Net Revenue Available for Debt Service	\$ 130,803	\$ 321,458	\$ 227,186	\$ 344,403	\$ 351,291	\$ 358,317	\$ 365,483	\$ 372,793
Current Maximum Annual Bond Debt Service	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800	\$ 667,800
Current Coverage	0.20 X	0.48 X	0.34 X	0.52 X	0.53 X	0.54 X	0.55 X	0.56 X
Debt Service after Series 2020 Refunding	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952	\$ 680,952
Debt Service Coverage	0.19 X	0.47 X	0.33 X	0.51 X	0.52 X	0.53 X	0.54 X	0.55 X



Bobby Thompson, President
Bill Nunley, Secretary
Michael Birdwell, Member

931-692-2505

P.O. Box 160
Altamont, TN 37301
bcud121@benlomand.net

June 1, 2021

**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: Big Creek Utility District

Dear Sandi:

The Big Creek Utility District of Grundy County, Tennessee (the "District") proposes to issue up to \$300,000 of waterworks revenue refunding bonds (the "Bonds"). The proceeds of the Bonds, along with funds provided by the District, would be used to (i) refund the District's outstanding Waterworks Revenue Bonds, Series 2003, dated February 15, 2005 (the "Series 2003 Bonds"), and (ii) pay costs of issuing the Bonds. The Bonds would be sold by direct placement sale to Citizens Tri-County Bank at an interest rate of 1.94%. The Series 2003 Bonds to be refunded carry an interest rate of 4.515%.

The Bonds would be payable solely from and secured solely by a lien on the net revenues of the District's waterworks system (the "System"), on parity with the District's outstanding Waterworks Revenue Bond, Series 2020 (the "Series 2020 Bonds") and subordinate to the District's outstanding SRF Loans (as defined herein) and Waterworks Revenue Refunding Bond, Series 2014.

The District is party to revolving fund loan agreements with the State in maximum loan amounts of \$1,696,612 (2016), \$239,388 (2017) and \$200,765 (2018) (collectively, the "SRF Loans"). Pursuant to Section 7(m) of the Revolving Fund Loan Agreements for Utility Districts entered into among the Tennessee Department of Environment and Conservation, the Tennessee Local Development Authority (the "TLDA") and the District, the District is required to seek prior approval of the TLDA before issuing additional debt payable from the revenues of the system.

On the District's behalf, I am asking that the TLDA consider approving the Bonds at its next meeting. To that end, I am enclosing a copy of the proposed bond resolution.

The District's most recent audited financial statements (through the fiscal year ended February 29, 2020) are posted to the Comptroller's website at <https://comptroller.tn.gov/content/dam/cot/la/advanced-search/2020/utilities/2818-2020-u-bicud-rpt-cpa271-11-30-20.pdf>.

We are simultaneously preparing a request for report on plan of finance for the Bonds and will submit it to the Division of Local Government Finance.



Bobby Thompson, President
Bill Nunley, Secretary
Michael Birdwell, Member

931-692-2505

P.O. Box 160
Altamont, TN 37301
bcud121@benlomand.net

I am happy to answer any questions you may have. Please also feel free to contact our bond counsel, Jeff Oldham of Bass, Berry & Sims. Please let me know when the approval will be considered.

Thanks for your help.

Yours truly,

BIG CREEK UTILITY DISTRICT

Allen Joslyn, General Manager

Attachments

cc: Jeffrey Oldham, Bass, Berry & Sims (via e-mail – joldham@bassberry.com)

**Savings for
Big Creek Utility District of Grundy County, Tennessee**

Year Ending	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 7/1/2021 @1.94%	
2/28/2022	\$ 32,724	\$ 34,407	\$ (1,683)	\$	(1,662)
2/28/2023	\$ 32,724	\$ 45,876	\$ (13,152)	\$	(12,738)
2/28/2024	\$ 32,724	\$ 45,876	\$ (13,152)	\$	(12,496)
2/28/2025	\$ 32,724	\$ 45,876	\$ (13,152)	\$	(12,258)
2/28/2026	\$ 32,724	\$ 45,876	\$ (13,152)	\$	(12,024)
2/28/2027	\$ 32,724	\$ 45,876	\$ (13,152)	\$	(11,795)
2/28/2028	\$ 32,724	\$ 45,876	\$ (13,152)	\$	(11,571)
2/28/2029	\$ 32,724	\$ 11,469	\$ 21,255	\$	18,343
2/28/2030	\$ 32,724	\$ -	\$ 32,724	\$	27,703
2/28/2031	\$ 32,724	\$ -	\$ 32,724	\$	27,176
2/28/2032	\$ 32,724	\$ -	\$ 32,724	\$	26,659
2/28/2033	\$ 32,724	\$ -	\$ 32,724	\$	26,150
2/28/2034	\$ 32,724	\$ -	\$ 32,724	\$	25,652
2/28/2035	\$ 32,724	\$ -	\$ 32,724	\$	25,164
2/28/2036	\$ 32,724	\$ -	\$ 32,724	\$	24,685
2/28/2037	\$ 32,724	\$ -	\$ 32,724	\$	24,214
2/28/2038	\$ 32,724	\$ -	\$ 32,724	\$	23,754
2/28/2039	\$ 32,724	\$ -	\$ 32,724	\$	23,301
2/28/2040	\$ 32,724	\$ -	\$ 32,724	\$	22,858
2/28/2041	\$ 32,724	\$ -	\$ 32,724	\$	22,422
2/28/2042	\$ 32,724	\$ -	\$ 32,724	\$	21,995
2/28/2043	\$ 32,724	\$ -	\$ 32,724	\$	21,577
2/28/2044	\$ -	\$ -	\$ -	\$	-
2/28/2045	\$ -	\$ -	\$ -	\$	-
	\$ 719,928	\$ 321,132	\$ 398,796	\$	287,110

PV of savings from cash flow:	\$ 287,110
Less: DSRF Contribution	\$ 32,724
Less: District Contribution	\$ 121,905
Net PV Savings	\$ 132,481

PV of prior debt to 7/1/2021 @1.94%:	\$ 456,765
Net PV Savings:	\$ 132,481
Percentage savings:	29.00420%

From: [Samber, Alex R](#)
To: [Alicia West](#)
Cc: [Oldham, Jeff](#)
Subject: RE: Big Creek Utility District - Request for TLDA Consent
Date: Wednesday, June 9, 2021 11:54:46 AM

Hi Alicia,

I apologize for the delay. The General Manager was out of the office longer than I expected. The District explained to me that they were waiting on the TCRS report as you suspected. They expect to have audit report posted in July.



Alexandrea (Alex) R. Samber

Associate

Bass, Berry & Sims PLC

1700 Riverview Tower - 900 S. Gay Street • Knoxville, TN 37902

865-521-2038 phone • 865-521-6234 fax

alex.samber@bassberry.com • www.bassberry.com

From: Alicia West <Alicia.West@cot.tn.gov>
Sent: Wednesday, June 9, 2021 12:10 PM
To: Samber, Alex R <alex.samber@bassberry.com>
Cc: Oldham, Jeff <JOldham@bassberry.com>
Subject: RE: Big Creek Utility District - Request for TLDA Consent

Hi Alex,

I am following up on the late audit filing. Could you get this to me sometime today if possible? Staff will be updating the Authority members on the agenda items tomorrow.

Alicia

From: Samber, Alex R <alex.samber@bassberry.com>
Sent: Saturday, June 5, 2021 10:02 AM
To: Alicia West <Alicia.West@cot.tn.gov>
Cc: Oldham, Jeff <JOldham@bassberry.com>
Subject: RE: Big Creek Utility District - Request for TLDA Consent

Hi Alicia,

The General Manager is out of the office until next Tuesday, June 8th, and I have left him a message. I will get a response to you as soon as possible. Thank you, Alex



Alexandrea (Alex) R. Samber

Associate

Bass, Berry & Sims PLC

1700 Riverview Tower - 900 S. Gay Street • Knoxville, TN 37902

865-521-2038 phone • 865-521-6234 fax

alex.samber@bassberry.com • www.bassberry.com

From: Alicia West <Alicia.West@cot.tn.gov>
Sent: Wednesday, June 2, 2021 4:08 PM
To: Samber, Alex R <alex.samber@bassberry.com>

Cc: Oldham, Jeff <JOldham@bassberry.com>

Subject: RE: Big Creek Utility District - Request for TLDA Consent

Hi Alex,

I am reviewing the request and noticed that the audit report was late. Could you have the District submit an explanation? (I suspect that it may be due to the timing of their fiscal year end and the release of the TCRS report.)

2818 Big Creek Utility District

FYE	CPA Sign Date	Org Sign Date	Contract Approved	Report Due	Report Received	CPA Name	Days Deliquent
2/28/2020	12/31/2019	02/10/2020	02/28/2020	08/31/2020	11/30/2020	Totherow, Haile and Welch	-91

Alicia

From: Samber, Alex R <alex.samber@bassberry.com>

Sent: Tuesday, June 1, 2021 2:05 PM

To: Sandi Thompson <Sandi.Thompson@cot.tn.gov>; Alicia West <Alicia.West@cot.tn.gov>

Cc: Oldham, Jeff <JOldham@bassberry.com>

Subject: Big Creek Utility District - Request for TLDA Consent

Good afternoon Sandi and Alicia,

I have attached a letter from Big Creek Utility District of Grundy County, Tennessee regarding a proposed waterworks revenue refunding bond. The proposed bond would be subordinate to the District's outstanding SRF loans. Please let me or Jeff Oldham know if you have any questions. Thank you, Alex

Alexandrea (Alex) R. Samber

Associate

Bass, Berry & Sims PLC

1700 Riverview Tower - 900 S. Gay Street • Knoxville, TN 37902

865-521-2038 phone • 865-521-6234 fax

alex.samber@bassberry.com • www.bassberry.com

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JASON E. MUMPOWER
Comptroller

June 7, 2021

**Griffith Creek Utility District
Request for TLDA Approval to Issue Additional Debt**

The Griffith Creek Utility District of Marion County (the "District") is requesting approval from the Tennessee Local Development Authority (TLDA) to issue Waterworks Revenue and Refunding Bonds (the "Bonds") subordinate to its outstanding State Revolving Fund (SRF) loan agreement. Request for approval 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 proposed debt will be issued in an amount not to exceed \$300,000.

The following provides details about the transaction:

1. The requestor is a:

- ☒ Utility District or Water/Wastewater Authority planning to issue 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
- ___ Municipality (town/city/county) planning to issue:
___ 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:

- ___ The borrower is requesting to issue the refunding bonds subordinate to its outstanding SRF loan(s).
- ___ The borrower is requesting to subordinate the lien position of its outstanding SRF debt to the lien position of its new debt issuance.
- ☒ The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.



JASON E. MUMPOWER
Comptroller

3. The purpose of the proposed debt issuance is:

☒ Refunding
☐ New Money

4. Description and Additional Information:

The proceeds of the Bonds, along with funds provided by the District, would be used to (i) refund the District's outstanding Waterworks Revenue Bond, Series 1994, dated January 6, 1995 (the "Series 1994 Bond") and Waterworks Revenue Bond, Series 2001, dated October 25, 2001 (the "Series 2001 Bond"), and (ii) pay costs of issuing the Bonds. The Bonds would be sold by direct placement sale to Citizens Tri-County Bank at an interest rate of 2.49%. The Series 1994 Bond to be refunded carries an interest rate of 5.25%, and the Series 2001 Bond to be refunded carries an interest rate of 4.50%. The estimated Net Present Value Saving is \$114,390 or 33.59%.

The Bonds would be payable solely from and secured solely by a lien on the net revenues of the District's waterworks system (the "System") and subordinate to the District's outstanding SRF Loan

The District submitted a request for a report on refunding to the Division of Local Government Finance (LGF) on June 7, 2021, as required by T.C.A Section 9-21-903. Also note that the Bond is not structured in a manner that constitutes balloon indebtedness for purposes of T.C.A. Section 9-21-133.

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



JASON E. MUMPOWER
Comptroller

6. The following SRF loan is currently authorized/outstanding:

Borrower	Griffith Creek Utility District						
Date	6/7/2021						
Loan Type	Loan #	Status	Disbursements	Available to Draw	% Principal Forgiveness	Edison Balance @5/31/2021	MADS*
Water	DW0 10-107	Repayment	750,000.00	-	20%	387,252.00	30,000.00
							30,000.00

7. Compliance with SRF Loan Agreement:

a. Timely repayments [4.(a)]

☒ Yes ____ No

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

☒ Yes ____ No

Amount on deposit: \$30,000

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

☒ Yes ____ No

The District filed its audited financial statements for the fiscal year ended December 31, 2019, with the Division of Local Government Audit within six months after the its fiscal year end.

d. Sufficient Revenues [7.(k)]

☒ Yes ____ No



JASON E. MUMPOWER
Comptroller

For the fiscal year ended December 31, 2019, the District reported operating income of \$13,685 and a negative change in net position of \$88,791 for its water system.

As reported on the cash flow statement, debt service payments for fiscal year 2019 were \$62,002 which included principal payments of \$46,104, interest payments of \$15,898.

As of the fiscal year ended December 31 30, 2019, the District reported \$101,464 in unrestricted cash and investments, and \$120,353 in cash restricted for its water system.

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

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.

☒ Yes ☐ No

Most Recent Fiscal Year (m)(3):

The District's debt service coverage ratio was 1.21x for fiscal year ended December 31, 2019, and is estimated to be 1.51x for fiscal year 2020 (from the Summary of Historical and Pro Forma Debt Service Coverage Ratios schedule provided by the District). The District has met the debt service coverage requirement for fiscal year ended December 31, 2019.

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

The District's forecasted debt service coverage ratios and projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 1.54x to 1.60 for fiscal years 2021 through 2023 after the issuance of the Series 2021 Refunding Bonds.

f. Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)? [7.(n)]

☒ Yes ☐ No



JASON E. MUMPOWER
Comptroller

If yes, reason for referral: ___ Water Loss ☒ Financial Distress ___ N/A

- Corrective action orders are attached.
- Per discussion with UMRB staff, the District is under UMRB oversight for financial distress and has made satisfactory progress on the orders. Staff also noted that the interest savings generated from the proposed issuance would be beneficial.

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

\$ _____ Received in prior fiscal year
\$ _____ Total Maximum Annual Debt Service
\$ _____ Unobligated SSTs

9. Conclusion

Based on our analysis, it appears the District meets the TLDA's criteria to issue the refunding bonds subordinate to its SRF loans.

Attachments:

Debt Service Coverage Ratios
Corrective Action Orders

**Debt Service Coverage Analysis for
Griffith Creek Utility District of Marion County, Tennessee**

	Audited 2017	Audited 2018	Audited 2019	Unaudited 2020	Pro Forma 2021	Pro Forma 2022	Pro Forma 2023
Operating Revenue:							
Sale of Water	\$ 275,222	\$ 288,074	\$ 331,897	\$ 356,406	\$ 363,534	\$ 370,805	\$ 378,221
Other revenues	\$ 9,877	\$ 11,400	\$ 9,681	\$ 14,175	\$ 14,459	\$ 14,748	\$ 15,043
Interest	\$ 352	\$ 595	\$ 939	\$ 958	\$ 977	\$ 997	\$ 1,017
Total Operating Revenues	\$ 285,451	\$ 300,068	\$ 342,517	\$ 371,539	\$ 378,970	\$ 386,549	\$ 394,280
Operating Expenses							
Cost of Water	\$ 115,493	\$ 132,998	\$ 116,396	\$ 105,000	\$ 107,100	\$ 109,242	\$ 111,427
Salaries	\$ 49,300	\$ 46,981	\$ 49,825	\$ 31,710	\$ 32,344	\$ 32,991	\$ 33,651
Other Expenses	\$ 150,411	\$ 165,932	\$ 161,672	\$ 194,296	\$ 198,182	\$ 202,146	\$ 206,189
	<u>\$ 315,204</u>	<u>\$ 345,911</u>	<u>\$ 327,892</u>	<u>\$ 331,006</u>	<u>\$ 337,627</u>	<u>\$ 344,379</u>	<u>\$ 351,267</u>
Net Revenue Available for Debt Service	\$ 34,034	\$ 18,185	\$ 75,108	\$ 93,214	\$ 95,079	\$ 96,980	\$ 98,920
Current Maximum Annual Bond Debt Service	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900
Current Coverage	0.55 X	0.29 X	1.21 X	1.51 X	1.54 X	1.57 X	1.60 X
Debt Service after Series 2020 Refunding	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900	\$ 61,900
Debt Service Coverage	0.55 X	0.29 X	1.21 X	1.51 X	1.54 X	1.57 X	1.60 X

** Interest income for the fiscal year ending 2020 is estimated based on a two percent increase from the 2019 audit numbers.

BEFORE THE TENNESSEE UTILITY MANAGEMENT REVIEW BOARD

IN THE MATTER OF:

**GRIFFITH CREEK
UTILITY DISTRICT**

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)
)
)
)
)
)

**TENN. CODE ANN. § 7-82-401(g)
-FINANCIAL DISTRESS**

ORDER

On October 22, 2020, the Tennessee Utility Management Review Board (“the Board”) reviewed the financially distressed status of Griffith Creek Utility District (“the District”) pursuant to Tenn. Code Ann. § 7-82-401(g). Board staff submitted a detailed summary and notified the Board that consolidation negotiations had reached an impasse. Staff noted that a few days prior to the Board’s meeting, the District had reached an agreement with Big Creek Utility District (“Big Creek”) for Big Creek to supply the District with all its water and to perform the entirety of the District’s field operations in exchange for a rate that Board staff found reasonable. Staff noted that although the District had undergone several changes since its last rate study and will likely need an updated one soon, the Board should allow Big Creek time to assess the District’s operations and make any necessary adjustments under the new agreement prior to requiring the District to obtain a new rate study.

Staff also noted that two of the District’s commissioners are approaching the end of their first year on the board; however, Staff does not currently have proof that the commissioners have met the training requirements for the initial training period.

Therefore, based on Staff’s statements, recommendations, and all supporting documentation, the Board hereby orders the following:

1. The District shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform the following:
 - a. a review of the viability of an annual increase based on the Consumer Price Index or another automatic increase;
 - b. a review of any bond covenants to ensure all requirements are being met;
 - c. a review of the existing five-year capital asset budget, including any recommended modifications; and
 - d. a review of connection, reconnection, and tap fees.
2. By November 30, 2020, the District shall send Board staff a copy of the contract between the District and the qualified expert who is to perform the tasks in paragraph 1.
3. By November 30, 2020, the District shall ensure that its commissioners have met all training requirements and are thus eligible to serve pursuant to Tenn. Code Ann. §§ 7-82-307(b)(5) & 7-82-308(1). Otherwise, the District shall appoint eligible commissioners in accordance with the law.
4. By December 31, 2020, the District shall provide to Board staff either proof of compliance or a proposed plan of compliance with the directives in paragraph 3.
5. By March 31, 2021, the District shall submit the items in paragraph 1 to Board staff for review and approval.
6. If the District fails to comply with this order, Board staff shall refer this matter to the Attorney General's Office for enforcement through chancery court.
7. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the District.

ENTERED this 5th day of November, 2020.



BETSY KNOTTS, Chair
Utility Management Review Board

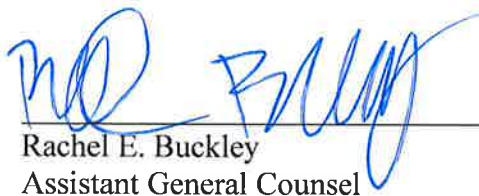
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via certified mail return receipt requested or via U.S. mail to the following on this 5th day of November, 2020:

Board of Commissioners
Griffith Creek Utility District
6684 Highway 108
Whitwell, TN 37397

Mr. Billy Gouger, Attorney
Griffith Creek Utility District
28 Courthouse Sq. Ste. 100
Jasper, TN 37347

Mr. Allen Joslyn
General Manager
Big Creek Utility District
P.O. Box 160
Altamont, TN 37301



Rachel E. Buckley
Assistant General Counsel

BEFORE THE TENNESSEE UTILITY MANAGEMENT REVIEW BOARD

IN THE MATTER OF:

**GRIFFITH CREEK
UTILITY DISTRICT**

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)
)
)
)
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)

**TENN. CODE ANN. § 7-82-401(g)
-FINANCIAL DISTRESS**

ORDER

On July 23, 2020, the Tennessee Utility Management Review Board (“the Board”) reviewed the financially distressed status of Griffith Creek Utility District (“the District”) pursuant to Tenn. Code Ann. § 7-82-401(g). Board staff updated the Board on the consolidation negotiations, informing the Board that representatives from the parties attended a mediation on January 30, 2020, and were able to work out multiple issues. The attorneys for the parties are currently working through remaining details. Staff has also been notified that a new commissioner was not properly appointed in accordance with the law. Therefore, based on Staff’s statements, recommendations, and all supporting documentation, the Board hereby orders the following:

1. By October 30, 2020, the District shall ensure that its commissioners have been properly appointed pursuant to Tenn. Code Ann. § 7-82-307.
2. By November 30, 2020, the District shall send proof to Board staff that all commissioners have been appointed properly or proof that a plan is in place to appoint eligible commissioners.

ENTERED this 6th day of August, 2020.



BETSY KNOTTS, Chair
Utility Management Review Board

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via certified mail return receipt requested to the following on this 6th day of August, 2020:

Board of Commissioners
Griffith Creek Utility District
6684 Highway 108
Whitwell, TN 37397

Mr. Billy Gouger, Attorney
Griffith Creek Utility District
28 Courthouse Sq. Ste. 100
Jasper, TN 37347



Rachel E. Buckley
Assistant General Counsel



Griffith Creek Utility District
6684 HWY 108
Whitwell, TN 37397
423.658.6937

June 4, 2021

**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: Griffith Creek Utility District

Dear Sandi:

The Griffith Creek Utility District of Marion County, Tennessee (the "District") proposes to issue up to \$300,000 of waterworks revenue refunding bonds (the "Bonds"). The proceeds of the Bonds, along with funds provided by the District, would be used to (i) refund the District's outstanding Waterworks Revenue Bond, Series 1994, dated January 6, 1995 (the "Series 1994 Bond") and Waterworks Revenue Bond, Series 2001, dated October 25, 2001 (the "Series 2001 Bond"), and (ii) pay costs of issuing the Bonds. The Bonds would be sold by direct placement sale to Citizens Tri-County Bank at an interest rate of 2.49%. The Series 1994 Bond to be refunded carries an interest rate of 5.25%, and the Series 2001 Bond to be refunded carries an interest rate of 4.50%.

The Bonds would be payable solely from and secured solely by a lien on the net revenues of the District's waterworks system (the "System") and subordinate to the District's outstanding SRF Loan (as defined herein).

The District is party to a revolving fund loan agreement with the State dated March 16, 2011, with an outstanding balance of \$429,876 as of December 31, 2019 (the "SRF Loan"). Pursuant to Section 7(m) of the Revolving Fund Loan Agreements for Utility Districts entered into among the Tennessee Department of Environment and Conservation, the Tennessee Local Development Authority (the "TLDA") and the District, the District is required to seek prior approval of the TLDA before issuing additional debt payable from the revenues of the system.

On the District's behalf, I am asking that the TLDA consider approving the Bonds at its next meeting. To that end, I am enclosing a copy of the proposed bond resolution.

The District's most recent audited financial statements (through the fiscal year ended December 31, 2019) are posted to the Comptroller's website at <https://comptroller.tn.gov/content/dam/cot/la/advanced-search/2019/utilities/2830-2019-u-grcrud-rpt-cpa21-6-24-20.pdf>.

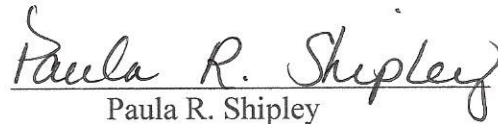
We are simultaneously preparing a request for report on plan of finance for the Bonds and will submit it to the Division of Local Government Finance.

I am happy to answer any questions you may have. Please also feel free to contact our bond counsel, Jeff Oldham of Bass, Berry & Sims. Please let me know when the approval will be considered.

Thanks for your help.

Yours truly,

GRIFFITH CREEK UTILITY DISTRICT

A handwritten signature in cursive script that reads "Paula R. Shipley". The signature is written in dark ink and is positioned above the printed name and title.

Paula R. Shipley
General Manager

Attachments

cc: Jeffrey Oldham, Bass, Berry & Sims (via e-mail – joldham@bassberry.com)

**Savings for
Griffith Creek Utility District of Marion County, Tennessee**

Year Ending	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 7/1/2021 @2.49%	
12/31/2021	\$ 31,584	\$ 21,056	\$ 10,528	\$	10,399
12/31/2022	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2023	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2024	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2025	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2026	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2027	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2028	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2029	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2030	\$ 31,584	\$ 31,584	\$ -	\$	-
12/31/2031	\$ 31,584	\$ 30,691	\$ 893	\$	690
12/31/2032	\$ 31,584	\$ -	\$ 31,584	\$	23,797
12/31/2033	\$ 17,361	\$ -	\$ 17,361	\$	12,763
12/31/2034	\$ 16,068	\$ -	\$ 16,068	\$	11,525
12/31/2035	\$ 16,068	\$ -	\$ 16,068	\$	11,245
12/31/2036	\$ 16,068	\$ -	\$ 16,068	\$	10,972
12/31/2037	\$ 16,068	\$ -	\$ 16,068	\$	10,705
12/31/2038	\$ 16,068	\$ -	\$ 16,068	\$	10,445
12/31/2039	\$ 16,068	\$ -	\$ 16,068	\$	10,191
12/31/2040	\$ 2,678	\$ -	\$ 2,678	\$	1,657
	\$ 495,455	\$ 336,003	\$ 159,452	\$	114,390

PV of savings from cash flow:	\$	114,390
Less: DSRF Contribution	\$	-
Less: District Contribution	\$	-
Net PV Savings	\$	114,390

PV of prior debt to 7/1/2021 @1.94%:	\$	340,532
Net PV Savings:	\$	114,390
Percentage savings:		33.59145%

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program
Funds Available for Loan Obligation
June 15, 2021

Unobligated Balance as of May 24, 2021			\$	49,267,235
<u>Increases:</u>	<u>Loan Number</u>	<u>Amount</u>		
FFY 2020 EPA Capitalization Grant remaining of total project dollars		\$ 13,111,500		
FFY 2020 State match remaining of total required		\$ 2,622,300		
			\$	15,733,800
Unobligated Balance as of June 15, 2021			\$	65,001,035
<u>Decreases:</u>	<u>Loan Number</u>	<u>Amount</u>		
Remaining Funds Available for Loan Obligations			\$	65,001,035

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
June 15, 2021

Unobligated Balance as of March 22, 2021 \$ 66,613,776

Increases:

	<u>Loan Number</u>	<u>Amount</u>	
Town of Brighton	DW6 2018-201	\$ 27,832	
City of Oak Ridge	DWF 2019-216	\$ 227,600	
			<u>\$ 255,432</u>

Unobligated Balance as of June 15, 2021 \$ 66,869,208

Decreases:

<u>Loan Number</u>	<u>Loan Amount</u>
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Remaining Funds Available for Loan Obligations \$ 66,869,208