



**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**MAY 31, 2023**  
**AGENDA**

1. Call meeting to order
2. Approval of minutes from the TLDA meeting of April 26, 2023
3. Consideration of a request from the Cumberland Utility District to issue USDA Rural Development Waterworks Revenue Bonds in an amount not to exceed \$600,000 on parity with two of its outstanding SRF loan agreements
4. Consideration of a request from the Paris Utility Authority to issue Water and Wastewater Revenue Bonds in an amount not to exceed \$520,000 subordinate to its outstanding SRF loans
5. Consider for approval the following Drinking Water Loans:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
Smyrna, DWF 2022-246-01	\$ 1,100,000	\$ -	\$ 1,100,000	3.10%	20

6. Adjourn

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**

**April 26, 2023**

The Tennessee Local Development Authority (the “TLDA”) met on Wednesday, April 26, 2023, at 3:40 p.m. in the Volunteer Conference Center, Second Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

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

The following members participated telephonically:

Mayor Paige Brown, House Appointee  
Mayor Rollen “Buddy” Bradshaw, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

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

Mr. Wayman—Present  
Mr. Hargett—Present  
Mr. Mumpower—Present  
Mr. Bryson—Present  
Mayor Bradshaw—Present  
Mayor Brown—Present

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the March 27, 2023, TLDA meeting. Mr. Mumpower motioned to approve the minutes, and Mr. Bryson seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mr. Wayman—Aye  
Mr. Hargett—Aye  
Mr. Mumpower—Aye  
Mr. Bryson—Aye  
Mayor Bradshaw—Abstain<sup>i</sup>  
Mayor Brown—Aye

By a vote of 5 ayes – 0 nays -- 1 abstain, the minutes were approved.

Mr. Hargett stated that the next item on the agenda was the consideration and approval of Clean Water State Revolving Fund (CWSRF) loans and said that, unless there were any objections, the TLDA would hear the two loan requests prior to asking for a motion to approve. Hearing none, he recognized Ms. Paula Mitchell, Deputy Director of Operations, Division of Water Resources, for the Tennessee Department of Environment and Conservation, to present the loan requests. Ms. Mitchell first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund balance was \$219,263,768 as of March 27, 2023. Since that time, the unobligated balance had increased by \$50,000 with the return of unused funding from the Brownsville Energy Authority. Upon approval of

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<sup>i</sup> Mayor Bradshaw stated that he was not present at the March 27, 2023, meeting and would abstain from voting on the meeting minutes.

the loan requests to be presented totaling \$13,617,500, the remaining funds available for loan obligations would be \$205,696,268. She then presented the CWSRF loan requests.

- **Dayton (CW20 2023-345)** Requesting \$12,500,000 (\$10,000,000 (80%) loan; \$2,500,000 (20%) principal forgiveness) for a Wastewater Treatment Plant (WWTP) improvements/secondary treatment (Construction of a sequencing batch reactor (SBR) and headworks with fine screening and grit removal, chemical building, septic receiving station, sludge facility, effluent pump/electrical building, and operations building; conversion of existing aeration basins and final clarifiers to equalization basins (EQ basins); installation of disinfection equipment and a standby generator); recommended interest rate of 1.34% based on the Ability to Pay Index (ATPI); Priority ranking 52 of 64 (FY2020); Term: 20 years
- **Dayton (SRF 2023-477)** \$1,117,500 for a WWTP improvements/secondary treatment (Construction of a SBR and headworks with fine screening and grit removal, chemical building, septic receiving station, sludge facility, effluent pump/electrical building, and operations building; conversion of existing aeration basins and final clarifiers to EQ basins; installation of disinfection equipment and a standby generator); Recommended interest rate of 1.34% based on the ATPI; Priority ranking 52 of 64 (FY2020); Term: 20 years

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

Mr. Wayman—Aye  
Mr. Hargett—Aye  
Mr. Mumpower—Aye  
Mr. Bryson—Aye  
Mayor Bradshaw—Aye  
Mayor Brown—Aye

The loans were unanimously approved.

Mr. Hargett recognized Mr. Mumpower. Mr. Mumpower welcomed Mayor Bradshaw to the TLDA and congratulated him on Loudon County's five clean annual audits. Mr. Hargett welcomed the Mayor and said the TLDA looked forward to working with him.

Hearing no other business, Mr. Hargett asked for a motion to adjourn the meeting. Mr. Mumpower motioned to adjourn, and Mr. Bryson seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mr. Wayman—Aye  
Mr. Hargett—Aye  
Mr. Mumpower—Aye  
Mr. Bryson—Aye  
Mayor Bradshaw—Aye  
Mayor Brown—Aye

The meeting was adjourned.

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

Respectfully submitted,

Sandra Thompson  
Assistant Secretary



JASON E. MUMPOWER  
*Comptroller*

**May 31, 2023**

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

The Cumberland Utility District (the “District”) is requesting approval from the Tennessee Local Development Authority (the “TLDA”) to issue United States Department of Agriculture Rural Development waterworks revenue bonds (the “USDA Bonds”) on parity with two of its SRF loans: DG1 2013-132 and DWF 2013-133 (the “2013 SRF Loans”). TLDA approval is required to comply with the provisions set forth in the SRF loan agreements and the guidelines in the TLDA/SRF Policy and Guidance for Borrowers. The proposed debt will be issued in an amount not to exceed \$600,000.

**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 USDA Bonds on parity with the 2013 SRF Loans.
- 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.



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**3. The purpose of the proposed debt issuance is:**

- Refunding  
 New Money

**4. Description and Additional Information:**

The District proposes to issue the USDA Bonds to provide funding for improvements and extensions to its waterworks system. The District's letter states that the project will replace a waterline that is vitally important to the health and welfare of the citizens within the District's service area. The USDA Bonds will be payable solely from and secured by a lien on the net revenues of the system.

The District currently has the following outstanding debt obligations payable solely from and secured by a lien of the net revenues of the system:

<u>Lien Position</u>	<u>Designation</u>	<u>Maturity Date</u>
1 <sup>st</sup>	SRF DWF 2001-043	2024
2 <sup>nd</sup>	Waterworks Revenue Refunding Bonds, Series 2012	2025
3 <sup>rd</sup>	SRF DG1 2013-132	2036
4 <sup>th</sup>	SRF DG1 2013-133	2037

The USDA Bonds would remain subject to prior liens in favor of SRF loan DWF 2001-043 and the series 2012 waterworks revenue and refunding bonds. Upon the TLDA's consent of this request, all of the District's obligations would be secured by a shared lien position after the maturity of the series 2012 bonds in 2025. The District states that it believes that the TLDA's consent to its request is in the public interest insofar as it will preserve the District's ability to incur future debt on a shared senior lien basis, thereby, minimizing interest costs payable by system ratepayers.

**5. The debt rating of the borrower is:**

*Please indicate N/R if not rated.*

- N/R Moody's  
AA- (Oct. 2012) Standard and Poor's  
N/R Fitch



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

<b>Borrower</b>	Cumberland Utility District						
<b>Date</b>	4/24/2023						
<b>Loan Type</b>	<b>Loan #</b>	<b>Status</b>	<b>Disbursements</b>	<b>Available to Draw</b>	<b>% Principal Forgiveness</b>	<b>Edison Balance @4/24/2023</b>	<b>MADS*</b>
Water	DWF 01-043	Repayment	404,571.00	-	0%	8,886.00	21,288.00
Water	DG1 13-132	Repayment	2,500,000.00	-	30%	1,108,304.00	87,500.00
Water	DWF 13-133	Repayment	2,364,889.00	-	0%	1,625,839.00	118,248.00
							227,036.00

**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: \$227,036

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

The District timely filed its audit report for FY 2022.

Yes       No

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

For the fiscal year ended September 30, 2022, the District’s audited financial statements reflected operating income of \$209,299, and a positive change in net



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position of \$243,540. The District's statement of cash flows reflected debt service payments of \$446,976, consisting of principal payments of \$430,071 and interest payments of \$16,905.

At September 30, 2022, the District reported \$1,696,523 in unrestricted cash and \$310,292 in restricted cash and investments.

Yes      No

**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 was 3.23x for fiscal year 2021 and 3.64x for fiscal year 2022 (as provided by the District). The District has met the debt service coverage requirement for fiscal years 2021 and 2022.

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

The District projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 5.28x to 5.50x for fiscal years 2023 through 2025.

**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



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*Comptroller*

Reason for referral:  Water Loss  Financial Distress  Administrative Review

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

Included  N/A

**8. 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 Bonds on parity with its 2013 SRF Loans.

**Attachment:**

Debt Service Coverage Ratios (provided by the District)





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Comptroller

**Debt Service Coverage Analysis for  
Cumberland Utility District of Roane and Morgan Counties, Tennessee**

	Audited 2019	Audited 2020	Audited 2021	Audited 2022	Pro Forma 2023	Pro Forma 2024	Pro Forma 2025	Pro Forma 2026
<b>Operating Revenue:</b>								
<b>Water Sales</b>	\$ 2,788,579	\$ 3,112,350	\$ 3,072,623	\$ 3,263,203	\$ 3,328,467	\$ 3,395,036	\$ 3,462,937	\$ 3,532,196
<b>Other revenues</b>	\$ 159,461	\$ 177,388	\$ 195,086	\$ 240,336	\$ 245,143	\$ 250,046	\$ 255,046	\$ 260,147
<b>Interest</b>	\$ 35,567	\$ 35,450	\$ 30,725	\$ 31,320	\$ 31,946	\$ 32,585	\$ 33,237	\$ 33,902
<b>Total Operating Revenues</b>	\$ 2,983,607	\$ 3,325,188	\$ 3,298,434	\$ 3,534,859	\$ 3,605,556	\$ 3,677,667	\$ 3,751,221	\$ 3,826,245
<b>Operating Expenses</b>								
<b>Salaries and Wages</b>	\$ 892,856	\$ 983,469	\$ 1,054,267	\$ 1,153,210	\$ 1,176,274	\$ 1,199,800	\$ 1,223,796	\$ 1,248,272
<b>Other Expenses</b>	\$ 1,282,378	\$ 1,503,609	\$ 1,499,048	\$ 1,478,470	\$ 1,508,039	\$ 1,538,200	\$ 1,568,964	\$ 1,600,343
<b>Less Depreciation and Amortization</b>	\$ (538,282)	\$ (572,620)	\$ (644,934)	\$ (662,560)	\$ (675,811)	\$ (689,327)	\$ (703,114)	\$ (717,176)
<b>Total Operating Expenses</b>	\$ 1,636,952	\$ 1,914,458	\$ 1,908,381	\$ 1,969,120	\$ 2,008,502	\$ 2,048,672	\$ 2,089,646	\$ 2,131,439
<b>Net Revenue Available for Debt Service</b>	\$ 1,346,655	\$ 1,410,730	\$ 1,390,053	\$ 1,565,739	\$ 2,272,865	\$ 2,318,322	\$ 2,364,689	\$ 2,411,982
<b>Current Maximum Annual Bond Debt Service</b>	\$ 405,799	\$ 405,799	\$ 405,799	\$ 405,799	\$ 405,799	\$ 405,799	\$ 405,799	\$ 405,799
<b>Current Coverage</b>	3.32 X	3.48 X	3.43 X	3.86 X	5.60 X	5.71 X	5.83 X	5.94 X
<b>Maximum Debt Service after USDA Bonds</b>	\$ 430,063	\$ 430,063	\$ 430,063	\$ 430,063	\$ 430,063	\$ 430,063	\$ 430,063	\$ 430,063
<b>Debt Service Coverage</b>	3.13 X	3.28 X	3.23 X	3.64 X	5.28 X	5.39 X	5.50 X	5.61 X



Jason E. Mumpower  
Comptroller

Entity Referred: **Cumberland Utility District of Roane and Morgan Counties**

Referral Reason: **Investigation**

Utility Type Referred: **Water**

**Staff Summary:**

The Cumberland Utility District of Roane and Morgan Counties("the Entity") is a water utility district that provides water service to about 4,500 customers. On March 21, 2023, the Entity received a notice of violation from the Tennessee Department of Environment and Conservation for receiving a violation point total of 22 during its sanitary survey. This sanitary survey also provided an unsatisfactory grade of 89% to the Entity. There were numerous deductions which can be found in the accompanying copies of the notice of violation and sanitary survey.

The Entity published a notice in the Roane County newspaper on February 22, 2023 stating "A vacancy exists on Cumberland Utility District's Board of Commissioners due to the resignation of a member of the Board. The Board plans to certify a list of three nominees to the County Executives to fill this vacancy at its regular meeting on Thursday, April 13, 2023. A customer may submit a name for consideration by the Board for the list of names. To be considered, the name must be mailed to the District's General Manager no later than two weeks before the Board meeting. At its meeting on or around March 9, 2023, the Entity's Board brought forth a list of three nominees to send to the County Executive despite advertising this matter would be addressed at the April 13 meeting.

There have been allegations of closed-door meetings between the commissioners. A customer alleges that on the March 9, 2023 meeting which started at 4:00 PM, the commissioners were holding a private, closed-door meeting to discuss the bids that were received for jobs to be completed by contractors for the district. During the meeting, the commissioners announced the winners of each bid without providing open discussion on each bid that was submitted for each job. The Entity had a finding in 2020 for failing to receive competitive bids. In 2021, the finding is stated to have been resolved. However, should this allegation be true, Board staff has concerns that the utility is not acting in good faith in its bidding process. The Entity also provided redacted minutes in a public records request. Included in this packet is a copy of minutes from the Entity's June 9, 2022 Board meeting that shows a redaction of pay information that were originally included in the minutes.

Board staff has concerns about the Entity's actions and the transparency in which they operate. Board staff finds an investigation be necessary to ensure the managerial, financial, and technical capacities of the utility.

**Staff Recommendation:**

The Board should order the following:

1. Board staff will investigate the financial, technical, and managerial competency of the District, with an emphasis on the fairness and reasonableness of the District's rate structure, the District's level of debt, and the District's knowledge of and ability to comply with the Tennessee Public Records Act and the Tennessee Open Meetings Act.

2. Board staff shall, with the full authority of the Board, issue subpoenas for the Entity's manager, governing body, or any other necessary staff, to appear in-person before the Board at its following Board meeting if the Entity does not comply fully with the Board's investigation.
3. Board staff shall update the Board as to the status of this investigation at the next regularly-scheduled Board meeting.

Board of Commissioners

D. Keith Adcock  
Charles W. Jenkins



# CUMBERLAND UTILITY DISTRICT

OF ROANE AND MORGAN COUNTIES

3201 Harriman Hwy  
P.O. Box 950  
Harriman, TN 37748  
Phone 865.882.0395  
Fax 865.882.2517  
<https://cumberlandutility.com>

April 20, 2023

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

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

RE: Cumberland Utility District of Roane and Morgan Counties, Tennessee

Dear Sandi:

The Cumberland Utility District of Roane and Morgan Counties, Tennessee (the "District") wishes to consider the issuance of up to \$600,000 of waterworks revenue bonds (the "USDA Bonds") to the United States Department of Agriculture, acting through Rural Development, to finance improvements and extensions to the District's waterworks system (the "System").

The District currently has outstanding the following debt obligations also payable solely from and secured by a lien on the net revenues of the System:

<u>Lien Position</u>	<u>Designation</u>	<u>Maturity Date</u>
1 <sup>st</sup>	SRF DWF 2001-043	2024
2 <sup>nd</sup>	Waterworks Revenue Refunding Bonds, Series 2012	2025
3 <sup>rd</sup>	SRF DG1 2013-132	2036
4 <sup>th</sup>	SRF DG1 2013-133	2037

The District is proposing the USDA Bonds to be payable solely from and secured by a lien on the net revenues of the System, on parity with the District's outstanding SRF Loans, DG1 2013-132 and SRF DG1 2013-133 (the "2013 SRF Loans"), and subject to the prior liens in favor of the District's outstanding SRF Loan, DWF 2001-043, and the Waterworks Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). This proposal would require the 2013 SRF Loans to be documented to be on parity with one another. Pursuant to TLDA's guidelines, we hereby request that TLDA consent to the re-documentation of the 2013 SRF Loans on parity with one another and the issuance of the USDA Bonds on parity with the District's 2013 SRF Loans.

If TLDA consents to this proposal, all of the District obligations would be secured by a shared senior lien position after the maturity of the Series 2012 Bonds in 2025. We believe that TLDA's consent to these requests is in the public interest insofar as it will preserve the District's ability to incur future debt on a shared senior lien basis, thereby minimizing interest

Cumberland 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](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any 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 your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202)690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

costs payable by System ratepayers. (We understand that under applicable State guidelines, all future debt of the Authority must be first approved by TLDA.)

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

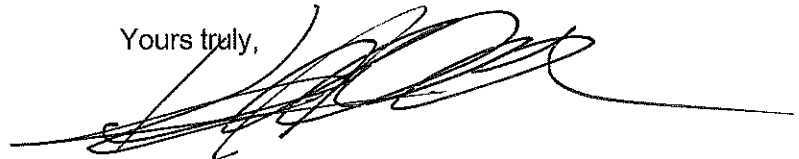
The District cites the following factors in favor of this request:

1. The District is in compliance with the terms of the SRF Loan Agreements.
2. The District has never failed to timely repay the SRF Loans.
3. The District has filed its audited financial statements with the Division of Local Government Audit in a timely manner.
4. The rights and lien position of TLDA relative to the SRF Loan, DG1 2013-133, would be improved.
5. The capital improvement project being financed with the proceeds of the USDA Bonds is a replacement of a waterline that is vitally important to the health and welfare of the citizens within the District's service area.

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

Thanks for your help.

Yours truly,

A handwritten signature in black ink, appearing to read 'Keith Adcock', with a long horizontal line extending to the right.

Keith Adcock  
Chairman of the Board of Commissioners

## **EXHIBIT B**

### Proposed Bond Resolution

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF UP TO \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS OF CUMBERLAND UTILITY DISTRICT OF ROANE AND MORGAN COUNTIES, TENNESSEE AND MAKING PROVISION FOR THE OPERATION OF THE DISTRICT AND THE COLLECTION AND DISPOSITION OF ITS REVENUES.

BE IT RESOLVED by the Board of Commissioners of Cumberland Utility District of Roane and Morgan Counties, Tennessee, as follows:

1. Authority; Findings.

- a. Cumberland Utility District of Roane and Morgan Counties, Tennessee (the "District") is duly incorporated pursuant to Section 7-82-101 *et seq.*, Tennessee Code Annotated (the "Act").
- b. The District owns and operates a waterworks system (the "System").
- c. Section 7-82-501 of the Act authorizes the District to issue bonds and use the proceeds to finance capital improvements to the System.
- d. The Board of Commissioners of the District finds that it is advisable to finance certain improvements and extensions to the System.
- e. The United States of America, acting by and through Rural Utilities Service, United States Department of Agriculture ("Rural Development"), has issued to the District its Letter of Conditions dated August 15, 2022, and as may be amended from time to time (the "Letter of Conditions"), in which it has agreed to purchase bonds on terms and conditions favorable to the District and its customers.
- f. The District is a party to those certain State Revolving Fund Loan Agreements, identified as DG1 2013-132 and DG1 2013-133 (the "SRF Loan Agreements"), with the Tennessee Local Development Authority (the "TLDA") and the Tennessee Department of Environment and Conservation ("TDEC"), the proceeds of which were used to finance improvements to the System.
- g. The TLDA has agreed that the proposed bonds may be issued on parity with the SRF Loan Agreements relative to the pledge of revenues of the System.
- h. The District desires to adopt this resolution to authorize the issuance of a revenue bond of the District to accomplish the foregoing purposes.

2. Definitions. The following terms shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- a. "Act" shall have the meaning ascribed in Section 1.
- b. "Balloon Indebtedness" shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.

- c. "Bonds" means the Rural Development Bonds and any Parity Bonds.
- d. "Chairman" means the duly elected and acting Chairman of the Governing Body, or any other member of the Governing Body acting in the capacity of Chairman when the elected and acting Chairman is unavailable or incapable of acting.
- e. "Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder.
- f. "Construction Fund" means the Rural Development Construction Fund established herein.
- g. "Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the District provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.
- h. "Current Expenses" means expenses incurred by the District in the operation of the System, determined in accordance with generally accepted accounting principles; provided however that depreciation, amortization and interest on any bonds, notes or other obligations of the District shall be excluded from the definition of Current Expenses.
- i. "Debt Service Requirement" means the total principal, Maturity Amounts and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the District or any paying agent for the Bonds or other obligations of the District), for any period of 12 consecutive calendar months for which such a determination is made, provided:
  - (a) The Debt Service requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the District, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Advisor.
  - (b) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short Term Indebtedness, at the option of the District, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Advisor to be the interest rate at which the District could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in



excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph (b) shall not be applicable for purposes of determining the District's Debt Service Requirement for purposes of Section 11(f) of this resolution (Rate Covenant) unless the District has set aside sufficient funds or otherwise made arrangements for the retirement of at least 90% of the principal amount of such Balloon Indebtedness or Short Term Indebtedness coming due in the relevant Fiscal Year.

- j. "Defeasance Obligations" shall mean any obligations which at the time of the purchase thereof are permitted investments under the Act or other applicable State law for the purpose of defeasing Bonds.
- k. "District" shall have the meaning ascribed in Section 1.
- l. "Financial Advisor" means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the District for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the District, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Advisor has been retained.
- m. "Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.
- n. "Fiscal Year" means the fiscal year adopted by the District from time to time.
- o. "Governing Body" means the Board of Commissioners of the District.
- p. "Gross Earnings" means all revenues, rentals, earnings and income of the District from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System and all amounts realized from the investment of funds of the System (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the District).
- q. "Letter of Conditions" shall have the meaning ascribed in Section 1.
- r. "Loan Agreement" shall mean any agreement or contract entered into by the District whereby a third party agrees to advance funds to the District and the District agrees to repay those funds with interest.
- s. "Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year of the District.

- t. "Net Revenues" shall mean Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, less Current Expenses.
- u. "Notes" shall mean the bond anticipation notes authorized to be issued pursuant to the terms of Section 6 hereof.
- v. "Parity Bonds" means bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the District on a parity with the Rural Development Bonds herein authorized in accordance with the restrictive provisions hereof.
- w. "Prior Bond Resolution(s)" means the resolution(s) authorizing the Prior Lien Obligations.
- x. "Prior Lien Obligations" means the District's outstanding (i) State Revolving Fund Loan Agreement, identified as DWF 2001-043, with the TLDA and TDEC, and (ii) Waterworks Revenue Refunding Bonds, Series 2012, dated November 30, 2012.
- y. "Projects" shall mean the capital improvements to the System contemplated by the Letter of Conditions, and all capital costs related thereto.
- z. "Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.
- aa. "Rating Agencies" or "Rating Agency" means Fitch, Moody's, and Standard & Poor's or any successors thereto and any other nationally recognized credit rating agency.
- bb. "Reserve Fund" shall mean the Debt Service Reserve Fund established herein.
- cc. "Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility Issuer which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Sinking Fund to pay when due principal of and interest on all or a portion of the Bonds.
- dd. "Reserve Fund Credit Facility Issuer" means the issuer of a Reserve Fund Credit Facility satisfying the rating qualifications specified by the supplemental resolution authorizing the Bonds to be secured by the applicable Reserve Fund Credit Facility with respect to the series of Bonds with respect to which such rating qualifications are not otherwise specified. The issuer of a Reserve Fund Credit Facility shall be rated, at the time at which such Reserve Fund Credit Facility is purchased, in not less than the second-highest rating category (without regard to gradations within such category) by each Rating Agency that rates such Reserve Fund Credit Facility Issuer and which also rates any Bonds secured by such Reserve Fund Credit Facility.
- ee. "Reserve Fund Requirement" means an amount determined from time to time by the District as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant to the resolution authorizing such Bonds. With respect to the Rural Development Bonds authorized herein, the Reserve Fund Requirement shall equal the annual debt service requirement on the Rural Development Bonds; provided that such Requirement shall begin at zero and increase on each anniversary date of the issuance of

the Rural Development Bonds in an amount equal to 10% of the annual debt service requirement on the Rural Development Bonds until an amount equal to one year's debt service on the Rural Development Bonds has been accumulated.

- ff. "Revenue Fund" shall mean the Revenue Fund established herein.
- gg. "Rural Development" shall have the meaning ascribed in Section 1.
- hh. "Rural Development Bonds" means not to exceed \$600,000 in aggregate principal amount of revenue bonds authorized to be issued by this Resolution.
- ii. "Secretary" means the duly elected and acting Secretary of the Governing Body, or any other member of the Governing Body acting in the capacity of Secretary when the elected and acting Secretary is unavailable or incapable of acting.
- jj. "Short Term Indebtedness" means bonds, notes, Loan Agreements or other debt obligations maturing five years or less from their date of issuance, issued by the District as Parity Bonds pursuant to the terms hereof.
- kk. "Sinking Fund" shall mean the Principal and Interest Sinking Fund established herein.
- ll. "SRF Loan Agreements" shall have the meaning ascribed in the preamble.
- mm. "SRF Security Deposit" means any and all security deposits required to be maintained by the SRF Loan Agreements.
- nn. "State" means the State of Tennessee.
- oo. "Subordinate Lien Bonds" means bonds, notes, Loan Agreement or other debt obligations issued pursuant to this Resolution but with a lien subordinate to the Bonds.
- pp. "System" shall have the meaning ascribed in Section 1, and shall include all facilities hereafter acquired, constructed or otherwise established, together with and including all properties of every nature hereafter owned by the District, including all improvements and extensions made by the District while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles.
- qq. "TDEC" shall have the meaning ascribed in the preamble.
- rr. "TLDA" shall have the meaning ascribed in the preamble.
- ss. "Variable Rate Indebtedness" means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

3. Authorization and Terms of the Rural Development Bonds.

- a. General Terms. The Governing Body hereby authorizes the issuance of revenue bonds of the District in an aggregate principal amount up to \$600,000 (the "Rural Development Bonds"). The Rural Development Bonds may be issued as a single bond or in multiple emissions. The Rural Development Bonds shall be issued to Rural Development in exchange for the payment of a price equal to 100% of the par amount thereof.
- 1) The Rural Development Bonds shall be issued to:
    - a) finance the costs of the Projects;
    - b) retire the principal of and, with the consent of Rural Development, interest on the Notes; and
    - c) pay costs of issuing the Rural Development Bonds.
  - 2) Each Rural Development Bond shall be known as a "Waterworks Revenue Bond" or such other name as may be selected by the Chairman. A series designation indicating the year of issuance and such other distinctions as may be directed by the Chairman shall be added to the name of each Rural Development Bond.
  - 3) Each Rural Development Bond shall be dated the date of its delivery.
  - 4) Each Rural Development Bond shall bear interest at a rate not to exceed 2.625% per annum and shall be payable in not more than 480 equal monthly installments of principal and interest in an amount sufficient to fully amortize the Rural Development Bond over the period of such installments. The monthly principal and interest payment on the Rural Development Bonds at the maximum term, par amount and interest rate is \$2,022. The first installment of debt service on each Rural Development Bond shall be due and payable one month following the date of its issuance, but in no event later than the 28<sup>th</sup> day of the month of such first payment, and all subsequent installments shall be due and payable on the same day of each month thereafter. In all events the final installment shall be in the amount of the entire unpaid balance of principal and interest on the Rural Development Bond. All payments of principal and interest on each Rural Development Bond shall be made directly to the registered owner thereof at its address shown on the bond registration records of the District, without, except for final payment, the presentation or surrender of such Rural Development Bond, and all such payments shall discharge the obligation of the District in respect of such Rural Development Bond to the extent of the payments so made. The records of the owner of each Rural Development Bond shall be conclusively presumed to be correct with respect to amounts of payments made and outstanding principal balance. Upon final payment, each Rural Development Bond shall be submitted to the Secretary of the Board of Commissioners of the District, as bond registrar, for cancellation.
  - 5) Notwithstanding anything herein to the contrary, the Rural Development Bonds shall not be sold until the TLDA consents to the Rural Development Bonds being issued on parity with the SRF Loan Agreements relative to the pledge of revenues of the System.

- b. The District shall have the right, at its option, to prepay each Rural Development Bond or any installment thereof, in whole or in part, at any time, without penalty. Any partial prepayment shall be applied to the installments last to become due under the Rural Development Bond and shall not affect the obligation of the District to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner of the Rural Development Bond not less than thirty (30) days prior to the date of prepayment unless waived by the registered owner.
  - c. The District hereby appoints the Secretary of the District to act on behalf of the District as registrar and paying agent for the Rural Development Bonds. Each Rural Development Bond is transferable by the registered owner thereof, or by its attorney duly authorized in writing, on the registration books of the District, upon presentation of the Rural Development Bond to the registrar for transfer with the form of assignment attached thereto completed in full and signed with the name of the registered owner. All transferees shall take the Rural Development Bond subject to such condition. The District may treat the registered owner as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary whether or not any payments due on the Rural Development Bond shall be overdue. The registrar is hereby authorized to authenticate and deliver each Rural Development Bond to Rural Development, upon receipt by the District of the proceeds of the sale thereof and to authenticate and deliver Rural Development Bonds in exchange for Rural Development Bonds of the same principal amount delivered for transfer upon receipt of the Rural Development Bonds to be transferred in proper form with proper documentation as hereinabove described. The Rural Development Bonds shall not be valid for any purpose unless authenticated by the registrar by the manual signature thereof on the certificate set forth herein on the Rural Development Bond form.
  - d. The Rural Development Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf of the District, by the Chairman and attested by the Secretary.
4. Form of Rural Development Bonds. The Rural Development Bonds shall be in substantially the form attached hereto as Exhibit A. The form of the Rural Development Bond set forth in Exhibit A hereto shall be conformed to reflect any changes authorized herein.
5. Source of and Security for Payment.
- a. The Rural Development Bonds shall be payable solely from and secured by a pledge of the Net Revenues, on parity with the pledge thereof in favor of TDEC and TLDA relative to the SRF Loan Agreements and any bonds hereafter issued on parity therewith, subject to a prior lien of such Net Revenues in favor of the Prior Lien Obligations. The punctual payment of principal of and premium, if any, and interest on the SRF Loan Agreements and the Rural Development Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Rural Development Bonds do not constitute a debt of the State, or any political subdivision thereof, or municipal corporation therein, other than the District, and no holder of the Rural Development Bonds shall have recourse to the taxing power of any such entities.
  - b. For the further protection of the registered owners of the Rural Development Bonds, a statutory lien in the nature of a mortgage lien upon the System is granted and created by

the Act, on parity with the mortgage lien heretofore established in favor of the SRF Loan Agreements, subject to a prior statutory mortgage lien in favor of the Prior Lien Obligations, which said statutory mortgage lien is hereby recognized as valid and binding upon the District and to be a lien upon the System and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal and interest on the Rural Development Bonds.

6. Authorization of Notes.

- a. The Governing Body hereby authorizes the issuance of one or more revenue bond anticipation notes in the maximum aggregate principal amount equal to the maximum principal amount of the Rural Development Bonds (the "Notes"). The proceeds of the Notes shall also be used to pay Project costs, legal, fiscal and engineering costs incident thereto, bond issuance costs and, with the consent of Rural Development, interest during construction of the Project and for six (6) months thereafter. Any Note proceeds not immediately applied to the purposes described in the preceding sentence shall be deposited to the Construction Fund and applied as all other funds held therein. Each Note shall be in the form of a fully registered note, without coupons, shall be known as a Waterworks Revenue Bond Anticipation Note, together with a series designation further identifying the Note, as selected by the Chairman, and shall be dated as of the date of its delivery.
- b. Each Note shall mature not later than three years from its issuance, shall bear interest at a rate not to exceed the maximum rate permitted by applicable law, payable at such time as the Chairman shall designate, and shall be subject to prepayment upon such terms as the Chairman shall designate.
- c. The Chairman shall select the purchaser(s) of the Notes and cause the Notes to be sold to such purchaser(s) at a price of par. In connection therewith, the Chairman is authorized to establish the remaining terms of the Notes, without further action by the Governing Body. The Chairman and Secretary of the District are authorized to execute and deliver the Notes, to execute such certificates and documents and to take such other actions as they shall deem necessary to further evidence the District's obligations under the Notes. The Notes may also be issued to Rural Development, upon the terms otherwise provided herein, in which case the Notes shall also bear the designation of "Interim Certificates of Indebtedness". The purchase price paid by Rural Development for the Rural Development Bonds shall be reduced by the outstanding principal amount of and, with Rural Development's consent, interest on Interim Certificates held by it, and such Interim Certificates shall be delivered by Rural Development to the District at the time of delivery of the Rural Development Bonds.
- d. The Notes shall be payable primarily from the proceeds of the Rural Development Bonds. The Notes are additionally payable from and secured by a pledge of the Net Revenues of the System in fully the same manner and priority as described in Section 5 hereof for the Rural Development Bonds.
- e. Pursuant to the Act, the approval of the Comptroller's office is not required for the issuance of the Notes because the Rural Development Bonds will be issued to a federal agency.
- f. The Governing Body hereby approves the renewal and extension of any Notes issued hereunder, without further action of the Governing Body, to the extent such Notes have

matured (or are scheduled to mature) and the Rural Development Bonds have not and will not be issued in time to retire the maturing Notes.

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

- a. The proceeds from the sale of the Rural Development Bonds shall be immediately applied, together with any amounts described in subsection (b) below, in the following order:
  - 1) To the retirement of any outstanding Notes; and
  - 2) For deposit to a separate and segregated fund to be known as the "Rural Development Construction Fund", and for further application solely to the costs of the Projects (by payment to third parties or reimbursement of the District for prior payments) and costs of issuance of the Rural Development Bonds. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in the Construction Fund. Moneys in the Construction Fund shall be invested as directed by an authorized representative of the District in such investments as shall be permitted by State law. All income derived from such investments shall be retained in the Construction Fund. Any funds remaining in the Construction Fund after completion of the Projects and payment of authorized expenses shall be paid to Rural Development in prepayment of the Rural Development Bonds.
- b. Upon the issuance of the Rural Development Bonds, the District shall apply District to the payment of any accrued interest on the Notes that cannot, under the terms of the Letter of Conditions, be paid with the proceeds of the Rural Development Bonds.

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

- a. Notwithstanding anything herein to the contrary, at the Chairman's discretion, the Rural Development Bonds and/or the Notes may be issued as federally tax-exempt or federally taxable debt obligations. If the Rural Development Bonds and/or the Notes are issued on a federally tax-exempt basis, the District hereby covenants that it will not use, or permit the use of, any proceeds of the Rural Development Bonds or Notes in a manner that would cause the Rural Development Bonds or the Notes to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond." To that end, the District shall comply with applicable regulations adopted under said Section 148. If applicable, the District further covenants with the registered owners from time to time of the Rural Development Bonds and Notes that it will, throughout the term of the Notes and the Rural Development Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Rural Development Bonds and the Notes shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.
- b. It is reasonably expected that the District will reimburse itself for certain expenditures made by it in connection with the Project by issuing the Notes or the Rural Development

Bonds. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

- c. The Governing Body hereby delegates to the Chairman the authority to designate (and to determine whether to designate) the Notes as "qualified tax-exempt obligations," as defined in Section 265 of the Code, to the extent the Notes may be designated as such.
- d. The Chairman is authorized and directed, on behalf of the District, to execute and deliver all such certificates and documents that may be required of the District in order to comply with the provisions of this Section related to the issuance of the Notes (if applicable) and the Rural Development Bonds.

9. Prohibition of Prior Lien; Parity Bonds; Subordinate Lien Bonds. The District will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Rural Development Bonds, including debt obligations issued on parity with the Prior Lien Obligations. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on parity with the Rural Development Bonds under the following conditions but not otherwise:

- a. Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) of a series of the Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such Bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:
  - 1) the District shall have demonstrated that the refunding will reduce the total debt service payments on the Bonds, as applicable; and
  - 2) the requirements of subsections (b)(2) and (4) below are met with respect to such refunding.
- b. Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with outstanding Bonds, and the Parity Bonds so issued shall be secured on a parity with such outstanding Bonds, if all of the following conditions are satisfied:
  - 1) There shall have been procured and filed with the District a report by a Financial Advisor or a certificate by the General Manager of the District, or his or her designee, to the effect that the historical Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of Maximum Annual Debt Service Requirement on all Bonds, the SRF Loan Agreements and Prior Lien Obligations which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in



the historical related Net Revenues actually received during such historical period used.

- 2) The District shall have received, at or before issuance of the Parity Bonds, a report from a Financial Advisor or a certificate of the General Manager of the District, or his or her designee, to the effect that (x) the payments required to be made into the Sinking Fund have been made and the balance in the Sinking Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the extent required under the resolutions authorizing Bonds with a Reserve Fund Requirement, if any, and any Reserve Fund Requirement applicable to Parity Bonds will be funded to the extent required under the applicable resolution immediately following the issuance of the proposed Parity Bonds.
  - 3) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of nationally recognized bond counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.
  - 4) The Secretary shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds, that the District is in compliance with all requirements of this Resolution and the SRF Loan Agreements.
- c. All the provisions and covenants of this Resolution relating to the creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this Resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued pursuant to the terms of this Section in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.
- d. Notwithstanding anything herein to the contrary, each series of Parity Bonds may be issued with or without a Reserve Fund Requirement, may require cash funding of the Reserve Fund, if any, and may provide for the funding of the Reserve Fund, if any, over such period of time as is acceptable to the purchaser of such Parity Bonds, all as specified in the resolution authorizing such Parity Bonds. Any such Parity Bonds shall be secured only by the Reserve Fund specified in the resolution authorizing such series of Parity Bonds and shall have no right to receive any payment from the Reserve Fund established for the Rural Development Bonds or any other series of bonds, whether such additional bonds are issued as Parity Bonds or Subordinate Lien Bonds.
- e. In addition to Parity Bonds issued in accordance with the foregoing, the District may issue Subordinate Lien Bonds, subject to the terms of this Resolution or otherwise, provided that

the security for such Subordinate Lien Bonds shall be subject in all respects to the lien in favor of the Bonds.

- f. The punctual payment of principal of, premium, if any, and interest on the Rural Development Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues, without priority by reason of number or time of sale or execution or delivery. Parity Bonds shall benefit on an equal and parity basis from the statutory mortgage lien on the System established in favor of the Rural Development Bonds.
- g. So long as Rural Development is the registered owner of the Rural Development Bonds, the District shall not issue Parity Bonds without the prior written consent by Rural Development in accordance with the regulatory requirements for parity as pronounced at 7 C.F.R. § 1780.17.

10. Funds, Accounts and Subaccounts; Application of Revenues.

- a. The following funds, accounts and subaccounts are hereby established, and the money deposited in such funds, accounts and subaccounts shall be held in trust for the purposes set forth in this Resolution:
  - 1) System Revenue Fund (the "Revenue Fund") to be held by the District;
  - 2) Principal and Interest Sinking Fund (the "Sinking Fund") to be held by the District;
  - 3) Debt Service Reserve Fund (the "Reserve Fund"), with an account for each series of Bonds which has a Reserve Fund Requirement; provided an account therein may be utilized for more than one series of Bonds if all such series of Bonds are specified in the resolution(s) authorizing such Bonds to share a pledge of such account and have a combined Reserve Fund Requirement. Nothing herein shall prohibit the District from issuing one or more series of Bonds without a Reserve Fund Requirement and no deposit to the Reserve Fund and no Reserve Fund Credit Facility shall be required in connection therewith.
- b. From and after the delivery of any of the Rural Development Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the District to the Revenue Fund hereby established (the "Revenue Fund"), administered and controlled by the District; provided that the Gross Earnings shall first be first applied as required by the resolutions authorizing any Prior Lien Obligations. The funds so deposited in the Revenue Fund created under this Resolution shall be used only as follows:
  - 1) The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.
  - 2) The money thereafter remaining in the Revenue Fund shall next be used to (i) pay debt service on the SRF Loan Agreements and (ii) make deposits into the Sinking Fund and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to the defeasance provisions of this Resolution, beginning in the month next following

delivery of the Rural Development Bonds. Each monthly deposit as to interest for such Bonds shall be an equal to not less than one-sixth (1/6<sup>th</sup>) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts; provided that proportionately greater monthly amounts shall be deposited to account for any initial period of less than six months following the issuance of Bonds. Each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12<sup>th</sup>) of the principal amount and/or Maturity Amount coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts; provided that proportionately greater monthly amounts shall be deposited to account for any initial period of less than 12 months following the issuance of Bonds. No further deposit shall be required as to any Bonds when the Sinking Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date and the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, (A) no deposit to the Sinking Fund shall be required with respect to the Rural Development Bonds, and (B) deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the District as provided in the resolution authorizing the issuance of such Bonds. Money in the Sinking Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the related series of Bonds. In the event the money remaining in the Revenue Fund is insufficient to pay debt service on the SRF Loan Agreements, and to make the required deposits to the Sinking Fund, such money shall be applied to the SRF Loan Agreements and the Sinking Fund pro rata in proportion to the scheduled payment thereon or deposit thereto (as applicable).

- 3) The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.
- 4) The next available money in the Revenue Fund shall be used to replenish any deficiency in the SRF Security Deposit, and to the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the District, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the

occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Sinking Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, satisfy the contractual obligations set forth in the Prior Bond Resolutions, be transferred into the Sinking Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Sinking Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the District for legally permissible purposes.

When monies are required to replenish both the SRF Security Deposit and the Reserve Fund, available monies shall be allocated pro rata between the SRF Security Deposit and the Reserve Fund (as applicable), in proportion to the respective deficiency; provided that, if the allocation to the Reserve Fund for any month is in excess of 1/24th of the deficiency therein, and if there remains a deficiency in the SRF Security Deposit, then such excess shall be reallocated to replenishing the SRF Security Deposit.

At the option of the District, the District may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the District for legally permissible purposes. At any time during the term hereof, the District shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of Section 12 hereof with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the District shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect. Notwithstanding anything herein to the contrary, the District shall have no right to satisfy any portion of the Reserve Fund Requirement for the Rural Development Bonds with a Reserve Fund Credit Facility.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund

Credit Facility or Facilities and funds of the District, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the District, from Revenues after payment of Current Expenses, satisfaction of the contractual obligations set forth in the Prior Bond Resolutions and required deposits to the Sinking Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms hereof, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the District shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this Resolution other than remedies that would adversely affect owners of Bonds.

The District shall cause the registration agent for each series of Bonds for which a Reserve Fund Credit Facility has been provided to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the registration agent and the appointment of a successor thereto.

Notwithstanding anything herein to the contrary, the District may issue Parity Bonds without a Reserve Fund Requirement, as shall be specified in the bond resolution authorizing such Parity Bonds.

- 5) The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any Subordinate Lien Bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the District for any legally permissible purpose, as the Governing Body shall determine.
- c. Money on deposit in the Funds described in this Section may be invested by the District in such investments as shall be permitted by applicable law, as determined by an authorized representative of the District, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was

created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature more than two years from the date the money is so invested. The District is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

- d. The Revenue Fund, the Sinking Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by the District and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

11. Covenants Regarding the Operation of the System. The District hereby covenants and agrees with the owners of the Bonds so long as any of the Bonds shall remain outstanding:

- a. The District shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost and conduct all activities associated therewith or incident thereto.
- b. While the Rural Development Bonds remain outstanding and unpaid and Rural Development remains the registered owner thereof:
  - 1) the District covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever, and the charges for all services of the System to the District and its residents and to all consumers shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining and operating the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on the Bond payable from such revenues, and there shall be charged against all users of said services such rates and amounts as shall be fully adequate to meet the requirements of this resolution; and
  - 2) the District further covenants that the System shall be operated on a fully metered basis and that the District will bill its customers on a monthly basis and will discontinue service to any customer whose bill remains unpaid sixty (60) days following the mailing of such bill, until such bill and penalties shall have been paid in full.
- c. The District shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the District shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.
- d. The District will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized

independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds the balance sheet and the profit and loss statement of the District as certified by such accountant or accountants. Each such audit, in addition to whatever matters may be thought proper by the accountant or accountants to be included therein, shall include the following:

- 1) A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;
- 2) A statement showing beginning and ending balances of each Fund described herein;
- 3) A balance sheet as of the end of the Fiscal Year;
- 4) The accountant's comments regarding the manner in which the District has carried out the requirements of this Resolution and the accountant's recommendations with respect to any change or improvement in the operation of the System;
- 5) A list of insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy;
- 6) The number and classifications of customer service connections to the System as of the end of the Fiscal Year;
- 7) The disposition of any Bond proceeds during the Fiscal Year;
- 8) A statement as to all breaches or defaults hereunder by the District of which the accountant or accountants have knowledge or, in the alternative, a statement that they have no knowledge of any such breach or default.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The District further agrees to cause copies of such audits to be furnished to the registered owner of any of the Bonds, at the written request thereof, within 180 days after the close of each Fiscal Year. The registered owner of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the District relating thereto. If the District fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Bonds may cause such audits and reports to be prepared at the expense of the District. Notwithstanding the foregoing, so long as the Rural Development Bonds are outstanding and Rural Development remains the registered owner thereof: (A) the District shall provide Rural Development with copies of the audits described above within 150 days following the end of each Fiscal Year; (B) Rural Development shall have at all reasonable times the right to inspect the System and the records, accounts and data of the District relating thereto; and (C) if the District fails to provide the audits and reports required by this subsection, Rural Development may cause such audits and reports to be prepared at the expense of the District.

- e. The District will faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State, including the making and collecting of

reasonable and sufficient rates for services rendered by the System, and will apply the revenues of the System to the purposes and Funds specified in this Resolution.

- f. The District shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:
- 1) for 100% of the Current Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the District; and
  - 2) such that Net Revenues in each Fiscal Year:
    - a) will equal at least 120% of the Debt Service Requirement on all Bonds, the SRF Loan Agreements and Prior Lien Obligations, and 100% of the debt service requirement on any Subordinate Lien Bonds or other obligations then outstanding for such Fiscal Year; provided that the District may calculate the debt service requirement on Subordinate Lien Bonds in the manner prescribed for the Bonds in the definition of "Debt Service Requirement";
    - b) will enable the District to make all required payments, if any, into the Reserve Fund and on any Credit Facility Agreement;
    - c) will enable the District to accumulate an amount, which, in the judgment of the District, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and
    - d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this Resolution from prior Fiscal Years.
- g. The District will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or any of the System facilities sold at fair market value, provided that:
- 1) The District is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;
  - 2) Any sale proceeds will be applied either (A) to the redemption of Bonds and the prepayment of the SRF Loan Agreements, pro rata in proportion to outstanding principal amount, in accordance (with respect to the Bonds) with the provisions governing the repayment of Bonds in advance of maturity, or (B) to the purchase



of Bonds or Prior Lien Obligations at the market price thereof (so long as such price does not exceed the amount at which they could be redeemed on such date or the next optional redemption date as set forth herein or in their authorizing resolutions) and the prepayment of the SRF Loan Agreements, pro rata in proportion to outstanding principal amount, , or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;

- 3) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System and the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and
- 4) The District shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or, at such time as Rural Development is no longer the registered owner of the Rural Development Bonds, to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the District is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

- h. Prior to the beginning of each Fiscal Year, the Governing Body shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Current Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in subsection (f) above, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to Rural Development, so long as it remains the registered owner of the Rural Development Bonds, and upon written request to any other registered owner of a Bond. The District covenants that Current Expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that the District will not expend any amounts or incur any obligations therefor in excess of the amounts provided for Current Expenses and capital expenditures in the budget except upon resolution of the Governing Body.
- i. So long as the Rural Development Bonds remain outstanding, each officer of the District or person other than banks or other financial institutions having custody of funds of the System shall be under fidelity bond coverage at all times in such amount as may be required by state law and by the holder of the Rural Development Bonds.
- j. The District will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently served by the District by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service;

provided that, at such time as Rural Development is no longer the registered owner of the Rural Development Bonds, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the District is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

- k. The District shall timely pay the amounts owed pursuant to the SRF Loan Agreements and duly perform its covenants and agreements thereunder and with respect thereto. The Authority will not consent or agree to or permit any amendment to or otherwise take any action under or in connection with the SRF Loan Agreements which will increase the payments required thereunder or which will in any manner impair or adversely affect the rights of the holders of the Bonds.
12. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the District and the registered owners of the Bonds, and after the issuance of the Rural Development Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as expressly provided herein, until such time as the Bonds shall have been paid in full or discharged pursuant to the defeasance sections hereof.
13. Remedies of Bond Owners. Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the District by the provisions of this Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof. If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the District with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of this Resolution.

In addition to the foregoing, whenever the TLDA and/or TDEC has declared (and not subsequently rescinded such declaration) all unpaid principal and interest on any SRF Loan Agreements to be immediately due and payable (an "SRF Acceleration Event"), then all unpaid principal and interest on any outstanding Bonds shall likewise be immediately due and payable unless and until the registered owners of a majority in aggregate principal amount of the Bonds then outstanding shall have directed otherwise. Upon an SRF Acceleration Event, the District shall cause notice of the SRF Acceleration Event to be mailed by first-class mail, postage prepaid, to the registered holder of each Bond then outstanding. Such notice shall briefly set forth the nature of the SRF Acceleration Event and describe the rights of Bondholders with respect thereto.

Whenever at any time from the date of mailing of said notice there shall be filed with the Secretary of the Board of Commissioners an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to SRF Acceleration Event and specifically direct that acceleration of the Bonds not occur, then the Bonds shall immediately cease to be immediately due and payable and shall be payable as to principal and interest as originally issued.

Any direction given by the registered owner of a Bond pursuant to the provisions of this section shall be irrevocable once given, but solely with respect to the specific SRF Acceleration Event, and shall be conclusive and binding upon all future registered owners of the same Bond during such

period. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding the foregoing, if any Bonds are insured by a bond insurance policy, the bond insurer issuing such bond insurance policy shall be entitled to consent to any modifications to this Resolution on behalf of the owners of the Bonds insured by such bond insurer.

14. Discharge and Satisfaction of Bonds. If the District shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:

- a. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;
- b. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);
- c. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the District shall also pay or cause to be paid all other sums payable hereunder by the District with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the District to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the District shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations or moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received

from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the District as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by the Registration Agent.

Notwithstanding the foregoing, so long as Rural Development is the registered owner of the Rural Development Bonds, the District shall not issue any bonds or other debt obligations for the purpose of defeasing or discharging the lien in favor of the Rural Development Bonds without immediately prepaying the Rural Development Bonds.

Notwithstanding the foregoing, the District may restrict its right to discharge and satisfy prior to maturity any series of Parity Bonds as may be set forth in the resolution authorizing such series of Parity Bonds.

15. Modification of Resolution.

- a. This Resolution may be amended without the consent of or notice to the registered owners of the Bonds (a) for the purpose of curing any ambiguity or formal defect or omission herein or (b) for any other purpose which, in the opinion of nationally recognized bond counsel, does not adversely affect the holders of any then outstanding Bonds; provided that, in evaluating the impact of any amendment, the existence of any Credit Facility shall be disregarded.
- b. In addition to the amendments to this Resolution without the consent of registered owners as referred to in subsection (a) above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the District but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the District) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:
  - 1) Make any change in the maturities or redemption dates of the Bonds;
  - 2) Make any change in the rates of interest borne by the Bonds;
  - 3) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
  - 4) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
  - 5) Affect the rights of the registered owners of less than all of the Bonds then outstanding;

- 6) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.
- c. Whenever the District shall propose to amend or modify this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the District for public inspection.
- d. Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the District may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.
- e. If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the District from taking any action pursuant to the provisions thereof.
- f. Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the District office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.
- g. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.
- h. The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

- i. Notwithstanding the foregoing to the contrary, except as set forth in subsection (a) above, so long as Rural Development is the registered owner of the Rural Development Bonds and the Rural Development Bonds remain outstanding, no amendment of this resolution affecting the Rural Development Bonds shall be effective without the written consent of Rural Development.
16. Engagement of Bond Counsel. The Chairman and/or the General Manager are authorized to enter into an engagement letter with Bass, Berry & Sims PLC, as bond counsel to the District in connection with the issuance of the Rural Development Bonds, and all actions heretofore taken to engage bond counsel are hereby ratified and approved.
17. Compliance with Debt Management Policy. The Governing Body hereby finds that the issuance of the Rural Development Bonds is consistent with the terms of the District's debt management policy.
18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption.
19. Separability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

EXHIBIT A

(Form of Rural Development Bond)

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
CUMBERLAND UTILITY DISTRICT OF ROANE AND MORGAN COUNTIES, TENNESSEE  
WATERWORKS REVENUE BOND, SERIES \_\_\_\_

R-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That Cumberland Utility District of Roane and Morgan Counties, Tennessee (the "District"), a public corporation lawfully organized and existing under Section 7-82-101 *et seq.*, Tennessee Code Annotated (the "Act"), for value received hereby promises to pay to the registered owner hereof, or its registered assigns, in the manner and from the revenues hereinafter provided, the sum of \$ \_\_\_\_\_, with interest on the unpaid balance hereof at the rate of \_\_\_\_\_ (\_\_\_\_%) per annum from the date hereof until the principal amount hereof shall have been fully paid. This Bond is payable in \_\_\_\_\_ consecutive monthly installments of principal and interest in the amount of \$ \_\_\_\_\_ each. The first installment payment shall be due and payable on \_\_\_\_\_, and all subsequent installments shall be due and payable on the same day of each month thereafter. In all events, the final installment shall be in the amount of the entire unpaid balance of principal and interest on the Bond. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on the bond registration records of the District, and such payments shall discharge the obligation of the issuer hereof to the extent of the payments so made. Upon final payment, this Bond shall be submitted to the Secretary of the Board of Commissioners of the District, as Bond registrar for cancellation.

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

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

This Bond is issued by the District for the purpose of paying part of the cost of constructing waterworks system improvements and extensions for the District under and in full compliance with the constitution and statutes of the State of Tennessee, including the Act, and pursuant to a resolution duly adopted by the Board of Commissioners of said District on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Resolution").

This Bond is payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the waterworks system of the District (the "System"), on parity with the District's

State Revolving Fund Loan Agreements, identified as DG1 2013-132 and DG1 2013-133 (the "SRF Loans"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System and to prior pledges of such revenues in favor of the District's (i) State Revolving Fund Loan Agreement, identified as DWF 2001-043, and (ii) Waterworks Revenue Refunding Bonds, Series 2012, dated November 30, 2012. The revenues are required by law and by the proceedings pursuant to which this Bond is issued to be fully sufficient to pay the cost of operating, maintaining, repairing and insuring said System, including reserves therefor, and to pay principal of and interest on this Bond promptly as each becomes due and payable. The District has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by said System and for the use of water furnished by said System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond as each becomes due. This Bond and the interest hereon are payable solely from the revenues so pledged to the payment hereof, and this Bond does not constitute a debt of the District within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the above described resolution may be modified, reference is hereby made to the Resolution.

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

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

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

IN WITNESS WHEREOF, Cumberland Utility District of Roane and Morgan Counties, Tennessee has caused this Bond to be signed by the Chairman of its Board of Commissioners and attested by the



Secretary of said Board under the corporate seal of the District, all as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

CUMBERLAND UTILITY DISTRICT OF ROANE  
AND MORGAN COUNTIES, TENNESSEE

By: [DO NOT SIGN –FORM ONLY]  
Chairman

(SEAL)

ATTEST:

[DO NOT SIGN – FORM ONLY]  
Secretary

(Form of Assignment)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_ the within Bond of Cumberland Utility District of Roane and Morgan Counties, Tennessee, and does hereby irrevocably appoint \_\_\_\_\_ attorney to transfer the said Bond on the books of the Secretary of the Board of Commissioners of Cumberland Utility District of Roane and Morgan Counties, Tennessee, as Bond Registrar, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

WITNESS:

\_\_\_\_\_

(No writing in this blank except by the Registrar)

(Form of Registration Provisions)

<u>Registration Date</u>	<u>Registered Name</u>	<u>Signature of Registrar</u>
	United States of America, Acting through Rural Development 4300 Goodfellow Blvd., Bldg 104 St. Louis, MO 63120-1703	

Adopted and approved on \_\_\_\_\_, 2023.

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

STATE OF TENNESSEE    )  
  )  
COUNTIES OF ROANE AND MORGAN                    )

I, \_\_\_\_\_, hereby certify that I am the duly qualified and acting Secretary of the Board of Commissioners of Cumberland Utility District of Roane and Morgan Counties, Tennessee, and as such official I further certify that attached hereto is a true and correct copy of a resolution duly adopted by the Board of Commissioners of the District at a meeting held on \_\_\_\_\_, 2023, and that a quorum of the members of the Board of Commissioners was present and acting throughout said meeting.

WITNESS my official signature and seal of said District this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Secretary

(SEAL)



JASON E. MUMPOWER  
*Comptroller*

May 31, 2023

**Paris Utility Authority  
Request for TLDA Approval to Issue Additional Debt**

The Paris Utility Authority (the “Authority”) is requesting approval from the Tennessee Local Development Authority (the “TLDA”) to issue water and wastewater revenue bonds (the “Bonds”) subordinate to its SRF loans. TLDA approval is required to comply with the provisions set forth in the SRF loan agreements and the guidelines in the TLDA/SRF Policy and Guidance for Borrowers. The proposed debt will be issued in an amount not to exceed \$520,000.

**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 Bonds on parity with its SRF loans.  
 The borrower is requesting to subordinate the lien position of its outstanding SRF loans 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 its SRF loans.

**3. The purpose of the proposed debt issuance is:**

- Refunding  
 New Money



JASON E. MUMPOWER  
*Comptroller*

#### **4. Description and Additional Information:**

The Authority proposes to issue the Bonds to for the purpose of financing the:

- cost and design of construction of extensions and improvements to its water and wastewater system;
- payment of legal, fiscal, administrative, architectural and engineering costs;
- reimbursement to the Authority for funds previously expended for the foregoing; and
- payment of costs incidental to the issuance and sale of bonds

The Bonds will be sold by direct placement sale to the Foundation Bank (Division of McKenzie Banking Company) at an interest rate of 4.99%.

The Authority's letter states that the Bonds will be payable solely from and secured solely by a lien on the net revenues of the Authority's water and wastewater system subject to the prior pledge of such revenues in favor of the Authority's Rural Development Loan 2007 and all debt heretofore issued pursuant to the terms of that certain resolution of the Authority on June 4, 2020, namely, (i) Revenue Refunding Bonds, 2020A, (ii) Revenue Refunding Bonds, 2020B, (iii) Revenue Refunding Bonds, 2020C, (iv) Revenue Refunding Bonds, 2020D, (v) Rural Development Loan 2020, (vi) SRF DWF 2015-164, (vii) SRF DWF 2015-163, (viii) SRF CW5 2017-381, (ix) SRF DWF 2017-195, (x) SRF DWF 2016-178, and (xi) SRF DWF 2017-382.

#### **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



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

<b>Borrower</b>	Paris Utility Authority						
<b>Date</b>	5/11/2023						
<b>Loan Type</b>	<b>Loan #</b>	<b>Status</b>	<b>Disbursements</b>	<b>Available to Draw</b>	<b>% Principal Forgiveness</b>	<b>Edison Balance @ 5/11/2023</b>	<b>MADS*</b>
Sewer	SRF 17-382	Repayment	3,600,000.00	-	-	3,348,843.00	148,678.00
Sewer	CW5 17-381	Repayment	1,500,000.00	-	15%	1,087,578.00	52,656.00
Water	DW4 15-163	Repayment	2,500,000.00	-	25%	1,391,695.00	106,416.00
Water	DWF 15-164	Repayment	950,000.00	-	-	690,156.00	53,916.00
Water	DWF 16-178	Repayment	499,654.00	-	-	408,342.00	27,180.00
Water	DWF 17-195	Repayment	750,000.00	-	-	575,751.00	42,120.00
						7,502,365.00	430,966.00
*MADS is an estimate until final expenses have been determined							
*Before funds are disbursed on a loan, a security deposit equal to MADS is required to be deposited with the TLDA							

**7. Compliance with SRF Loan Agreement:**

**a. Timely repayments [4.(a)]**

Yes       No

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

Yes       No

Amount on deposit: \$430,966

**c. GAAP Accounting and Audited Annual Financial Statement Requirement**

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

The Authority timely filed its audit report for FY 2022.

Yes       No





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

Yes      No

Sewer System

For the fiscal year ended June 30, 2022, the sewer system reported operating income of \$733,015 and an increase in net position of \$611,968. As reported on the Statement of Cash Flows, debt service payments for fiscal year 2022 were \$373,642 (consisting of principal payments of \$209,259 and interest payments of \$164,383).

Water System

For the fiscal year ended June 30, 2022, the water system reported operating income of \$712,645 and an increase in net position of \$560,123. As reported on the Statement of Cash Flows, debt service payments for fiscal year 2022 were \$520,234 (consisting of principal payments of \$364,813 and interest payments of \$155,421).

*The above information is from the fiscal year 2022 audited financial statements for the Board of Public Utilities for the City of Paris.*

**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):*

Sewer System

The debt service coverage ratio was 2.2x in fiscal year 2022, and the debt service coverage ratio is projected at 1.5x for the fiscal year ended June 30, 2023. Repayment for the new debt is projected to begin in fiscal year 2024.



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Water System

The debt service coverage ratio was 1.7x in fiscal year 2022, and the debt service coverage ratio is projected at 1.2x for the fiscal year ended June 30, 2023. Repayment for the new debt is projected to begin in fiscal year 2025.

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

The Authority's projected debt service ratio for the next three fiscal years after debt issuance is as follows:

Sewer System

FY 2024 – 2.8x  
FY 2025 – 2.7x  
FY 2026 – 2.0x

Water System

FY 2024 – 1.4x  
FY 2025 – 1.2x  
FY 2026 – 1.6x  
FY 2027 – 2.1x

*Source of debt service coverage ratio information:*

Statement of Revenues, Expenses, and Changes in Net Assets Schedules provided by the Authority.

- 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  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



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*Comptroller*

**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 Authority meets the TLDA's criteria to issue the Bonds subordinate to its SRF loans.

**Attachment:**

Debt Service Coverage Ratios (provided by the Authority)

Paris BPU

Statement of Revenues, Expenses and Changes in Net Assets \*\*SEWER\*\*

	Projected FY2030	Projected FY2029	Projected FY2028	Projected FY2027	Projected FY2026	Projected FY2025	Projected FY2024	Projected FY2023	Audited 2022	Audited 2021
<b>Operating Revenues:</b>										
	<i>Proposed Revenue Increase&gt;&gt;</i>									
	5.69%	6.03%	6.42%	6.86%	10.27%	6.94%	14.73%	0.00%		
Sewer Charges	\$ 4,568,290	\$ 4,322,305	\$ 4,076,320	\$ 3,830,335	\$ 3,584,350	\$ 3,250,514	\$ 3,039,670	\$ 2,649,451	\$ 2,649,451	\$ 2,628,947
Uncollectable Accounts									\$ (1,334)	\$ (2,607)
Other									\$ 108,286.00	\$ 131,879.00
<b>Total Operating Revenues:</b>	<b>\$ 4,568,290</b>	<b>\$ 4,322,305</b>	<b>\$ 4,076,320</b>	<b>\$ 3,830,335</b>	<b>\$ 3,584,350</b>	<b>\$ 3,250,514</b>	<b>\$ 3,039,670</b>	<b>\$ 2,649,451</b>	<b>\$ 2,756,403</b>	<b>\$ 2,758,219</b>
\$ revenue increase over preceeding year >>	\$ 245,985	\$ 245,985	\$ 245,985	\$ 245,985	\$ 333,837	\$ 210,844	\$ 390,219		\$ (1,816)	\$ 186,632
% increase of revenue over preceeding year >>	5.7%	6.0%	6.4%	6.9%	10.3%	6.9%	14.7%		-0.1%	7.3%
<b>Operating Expenses:</b>										
	<i>Anticipated effective increase from CPI&gt;&gt;</i>									
	3%	3%	3%	4%	5%	6%	6%	6%		
<b>Sewer Division</b>										
Treatment	\$ 1,128,923	\$ 1,096,042	\$ 1,064,118	\$ 1,033,125	\$ 993,389	\$ 946,085	\$ 892,533	\$ 842,012	\$ 794,351	\$ 858,114
Collection	\$ 615,595	\$ 597,665	\$ 580,258	\$ 563,357	\$ 541,689	\$ 515,895	\$ 486,693	\$ 459,144	\$ 433,155	\$ 427,942
Administration	\$ 506,921	\$ 492,156	\$ 477,822	\$ 463,905	\$ 446,062	\$ 424,821	\$ 400,775	\$ 378,089	\$ 356,688	\$ 341,591
Taxes									\$ 37,626	\$ 43,738
<b>Other Operating Costs</b>								\$ 300,000	\$ -	\$ -
<b>Total Operating Expenses:</b>	<b>\$ 2,251,439</b>	<b>\$ 2,185,864</b>	<b>\$ 2,122,198</b>	<b>\$ 2,060,386</b>	<b>\$ 1,981,140</b>	<b>\$ 1,886,800</b>	<b>\$ 1,780,000</b>	<b>\$ 1,979,246</b>	<b>\$ 1,621,820</b>	<b>\$ 1,671,385</b>
<b>Total Operating Income (loss) before Depr.</b>	<b>\$ 2,316,850</b>	<b>\$ 2,136,441</b>	<b>\$ 1,954,122</b>	<b>\$ 1,769,949</b>	<b>\$ 1,603,210</b>	<b>\$ 1,363,713</b>	<b>\$ 1,259,669</b>	<b>\$ 670,205</b>	<b>\$ 1,134,583</b>	<b>\$ 1,086,834</b>
\$ expenses increase over preceeding year >>									\$ (49,565)	\$ 78,664
% increase of expenses over preceeding year >>									-3.0%	4.9%
Depreciation expense	\$ (1,250,740)	\$ (1,250,740)	\$ (1,250,740)	\$ (750,740)	\$ (750,740)	\$ (397,465)	\$ (397,465)	\$ (397,465)	\$ (401,568)	\$ (397,465)
Amortization expense									\$ -	\$ -
<b>Operating Income (Loss)</b>	<b>\$ 1,066,110</b>	<b>\$ 885,701</b>	<b>\$ 703,382</b>	<b>\$ 1,019,209</b>	<b>\$ 852,470</b>	<b>\$ 966,248</b>	<b>\$ 862,204</b>	<b>\$ 272,740</b>	<b>\$ 733,015</b>	<b>\$ 689,369</b>
<b>Non-Operating Income (Expenses)</b>										
Interest income									\$ 1,461	\$ 1,317
Interest expense on existing debt	\$ (51,696)	\$ (53,892)	\$ (56,052)	\$ (58,188)	\$ (137,688)	\$ (215,992)	\$ (158,084)	\$ (91,608)	\$ (164,317)	\$ (119,785)
Interest expense on new debt	\$ (630,600)	\$ (645,516)	\$ (663,195)	\$ (182,269)	\$ (191,107)	\$ (19,025)	\$ (23,820)	\$ -		
Capital contributions									\$ -	\$ -
Other Revenue									\$ 41,912	\$ 2,249
Other Expense	\$ (2,796)	\$ (2,916)	\$ (3,036)	\$ (3,144)	\$ (3,264)	\$ (3,372)	\$ (3,480)	\$ (3,588)	\$ (103)	\$ (2,758)
Transfer Out - Tax Equivalent									\$ -	\$ -
<b>Total Other Income (Expenses)</b>	<b>\$ (685,092)</b>	<b>\$ (702,324)</b>	<b>\$ (722,283)</b>	<b>\$ (243,601)</b>	<b>\$ (332,059)</b>	<b>\$ (238,389)</b>	<b>\$ (185,384)</b>	<b>\$ (95,196)</b>	<b>\$ (121,047)</b>	<b>\$ (118,977)</b>
<b>Change in Net Assets</b>	<b>\$ 381,018</b>	<b>\$ 183,377</b>	<b>\$ (18,901)</b>	<b>\$ 775,608</b>	<b>\$ 520,411</b>	<b>\$ 727,859</b>	<b>\$ 676,821</b>	<b>\$ 177,544</b>	<b>\$ 611,968</b>	<b>\$ 570,392</b>
Operating Income b4 Depreciation	\$ 2,316,850	\$ 2,136,441	\$ 1,954,122	\$ 1,769,949	\$ 1,603,210	\$ 1,363,713	\$ 1,259,669	\$ 670,205	\$ 1,134,583	\$ 1,086,834
Interest on existing debt service	\$ 51,696	\$ 53,892	\$ 56,052	\$ 58,188	\$ 137,688	\$ 215,992	\$ 158,084	\$ 91,608	\$ 164,317	\$ 119,785
Interest on new debt service	\$ 630,600	\$ 645,516	\$ 663,195	\$ 182,269	\$ 191,107	\$ 19,025	\$ 23,820	\$ -		
Principal repayments on existing debt	\$ 149,640	\$ 147,444	\$ 145,284	\$ 143,148	\$ 141,048	\$ 178,984	\$ 176,932	\$ 353,678	\$ 351,686	\$ 348,268
Principal repayments on new debt	\$ 662,760	\$ 647,844	\$ 747,893	\$ 347,017	\$ 338,180	\$ 98,703	\$ 93,908	\$ -		
<b>Excess (Deficit)</b>	<b>\$ 822,154</b>	<b>\$ 641,746</b>	<b>\$ 341,699</b>	<b>\$ 1,039,326</b>	<b>\$ 795,187</b>	<b>\$ 851,009</b>	<b>\$ 806,925</b>	<b>\$ 224,919</b>	<b>\$ 618,580</b>	<b>\$ 618,781</b>
Debt Coverage Ratio	155.00%	142.93%	121.19%	242.25%	198.41%	265.98%	278.23%	150.51%	219.88%	232.20%
Capitalized Costs	\$ 500,000	\$ 500,000	\$ 750,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 750,000	\$ 400,000	\$ 910,573	\$ 297,429
<b>Remaining Cash</b>	<b>\$ 322,154</b>	<b>\$ 141,746</b>	<b>\$ (408,301)</b>	<b>\$ 139,326</b>	<b>\$ (104,813)</b>	<b>\$ (48,991)</b>	<b>\$ 56,925</b>	<b>\$ (175,081)</b>	<b>\$ (291,993)</b>	<b>\$ 321,352</b>
<b>Projected Cash Balance</b>	<b>\$ 61,950</b>	<b>\$ (260,205)</b>	<b>\$ (401,950)</b>	<b>\$ 6,351</b>	<b>\$ (132,976)</b>	<b>\$ (28,163)</b>	<b>\$ 20,828</b>	<b>\$ (36,098)</b>	<b>\$ 138,983</b>	<b>\$ 430,976</b>
<b>Sewer Rates (In City) - Monthly</b>										
# of customers									100.0%	
Annual Gallons									4,616	4,575
									367101000	408778000

## Paris BPU

### Statement of Revenues, Expenses and Changes in Net Assets **\*\*SEWER\*\***

	Projected FY2030	Projected FY2029	Projected FY2028	Projected FY2027	Projected FY2026	Projected FY2025	Projected FY2024	Projected FY2023		Audited 2022	Audited 2021
Increase in customers % of increase										41 0.90%	50 1.10%
Minimum Bill (no gallons)	\$ 25.00	\$ 24.00	\$ 23.00	\$ 22.00	\$ 21.00	\$ 20.00	\$ 19.50	\$ 19.00		\$ 17.50	\$ 17.50
First 1,000 gallons (per 1,000)	\$ 8.00	\$ 7.50	\$ 7.00	\$ 6.50	\$ 6.00	\$ 5.25	\$ 4.75	\$ 4.75		\$ 4.25	\$ 4.25
Next 1,000 gallons (per 1,000)	\$ 8.00	\$ 7.50	\$ 7.00	\$ 6.50	\$ 6.00	\$ 5.25	\$ 4.75	\$ 4.75		\$ 4.25	\$ 4.25
Next 3,000 gallons (per 1,000)	\$ 8.00	\$ 7.50	\$ 7.00	\$ 6.50	\$ 6.00	\$ 5.25	\$ 4.75	\$ 4.75		\$ 4.25	\$ 4.25
	\$ 8										
<i>Charge for 1K gallons &gt;&gt;&gt;&gt;</i>	\$ 33.00	\$ 31.50	\$ 30.00	\$ 28.50	\$ 27.00	\$ 25.25	\$ 24.25	\$ 23.75		\$ 21.75	\$ 21.75
<i>Charge for 2K gallons &gt;&gt;&gt;&gt;</i>	\$ 41.00	\$ 39.00	\$ 37.00	\$ 35.00	\$ 33.00	\$ 30.50	\$ 29.00	\$ 28.50		\$ 26.00	\$ 26.00
<i>Charge for 5K gallons &gt;&gt;&gt;&gt;</i>	\$ 65.00	\$ 61.50	\$ 58.00	\$ 54.50	\$ 51.00	\$ 46.25	\$ 43.25	\$ 42.75		\$ 38.75	\$ 38.75
<i>5k Ratio to monthly MHI &gt;&gt;&gt;&gt;</i>	2.6%	2.5%	2.3%	2.2%	2.1%	1.9%	1.7%	1.7%		1.6%	1.6%
<i>Revenue : Monthly Rate Factor</i>									70281	68373	67844
<i>Revenue check &gt;&gt;&gt;&gt;</i>	\$ 4,568,290	\$ 4,322,305	\$ 4,076,320	\$ 3,830,335	\$ 3,584,350	\$ 3,250,514	\$ 3,039,670	\$ 3,004,529		\$ 2,723,403	\$ 2,723,403
<i>Actual Revenue &gt;&gt;&gt;&gt;</i>										\$ 2,649,451	\$ 2,628,947
<i>Difference: Projected / Actual &gt;&gt;&gt;&gt;</i>									\$ 18,069	\$ 73,952	\$ 94,456
Increase in 5k over previous FY >>	\$3.50	\$3.50	\$3.50	\$3.50	\$4.75	\$3.00	\$0.50	\$4.00		\$0.00	\$1.75
1k Percent increase over FY >>	4.8%	5.0%	5.3%	5.6%	6.9%	4.1%	2.1%	9.2%		0.0%	3.6%
2k Percent increase over FY >>	5.1%	5.4%	5.7%	6.1%	8.2%	5.2%	1.8%	9.6%		0.0%	4.0%
5k Percent increase over FY >>	5.7%	6.0%	6.4%	6.9%	10.3%	6.9%	1.2%	10.3%		0.0%	4.7%

Paris BPU

Statement of Revenues, Expenses and Changes in Net Assets \*\*WATER\*\*

	Projected FY2030	Projected FY2029	Projected FY2028	Projected FY2027	Projected FY2026	Projected FY2025	Projected FY2024	Projected FY2023	Audited 2022	Audited 2021	
<b>Operating Revenues:</b>											
	<i>Proposed Revenue Increase&gt;&gt;</i>										
	5.06%	5.33%	5.63%	8.84%	9.70%	11.67%	8.11%	0.00%			
Water sales	\$ 4,535,569	\$ 4,301,168	\$ 4,068,267	\$ 3,836,866	\$ 3,523,327	\$ 3,211,288	\$ 2,868,875	\$ 2,681,391	\$ 2,681,391	\$ 2,617,231	
Uncollectable Accounts									\$ (2,015)	\$ (3,754)	
Other									\$ 160,757	\$ 150,988	
<b>Total Operating Revenues:</b>	<b>\$ 4,535,569</b>	<b>\$ 4,301,168</b>	<b>\$ 4,068,267</b>	<b>\$ 3,836,866</b>	<b>\$ 3,523,327</b>	<b>\$ 3,211,288</b>	<b>\$ 2,868,875</b>	<b>\$ 2,681,391</b>	<b>\$ 2,840,133</b>	<b>\$ 2,764,465</b>	
	\$ 234,401	\$ 232,901	\$ 231,401	\$ 313,539	\$ 312,039	\$ 342,413	\$ 187,484		\$ 75,668	\$ 786	
	5.4%	5.7%	6.0%	8.9%	9.7%	11.9%	7.0%		2.7%	0.0%	
<b>Operating Expenses:</b>											
	<i>Anticipated effective increase from CPI&gt;&gt;</i>										
	3%	3%	3%	4%	4%	4%	4%	6%			
<b>Water Division</b>											
Treatment	\$ 1,016,117	\$ 986,522	\$ 957,788	\$ 929,891	\$ 894,126	\$ 859,737	\$ 826,670	\$ 794,875	\$ 749,882	\$ 819,499	
Distribution	\$ 821,602	\$ 797,672	\$ 774,439	\$ 751,882	\$ 722,964	\$ 695,157	\$ 668,420	\$ 642,712	\$ 606,332	\$ 632,102	
Administration	\$ 466,158	\$ 452,581	\$ 439,399	\$ 426,601	\$ 410,193	\$ 394,416	\$ 379,247	\$ 364,660	\$ 344,019	\$ 369,218	
Taxes									\$ (943)	\$ (528)	
<b>Other Operating Costs</b>											
									\$ -	\$ -	
<b>Total Operating Expenses:</b>	<b>\$ 2,303,877</b>	<b>\$ 2,236,774</b>	<b>\$ 2,171,625</b>	<b>\$ 2,108,374</b>	<b>\$ 2,027,283</b>	<b>\$ 1,949,310</b>	<b>\$ 1,874,337</b>	<b>\$ 1,802,247</b>	<b>\$ 1,699,290</b>	<b>\$ 1,820,291</b>	
<b>Total Operating Income (loss) before Depr.</b>	<b>\$ 2,231,691</b>	<b>\$ 2,064,394</b>	<b>\$ 1,896,642</b>	<b>\$ 1,728,492</b>	<b>\$ 1,496,044</b>	<b>\$ 1,261,977</b>	<b>\$ 994,538</b>	<b>\$ 879,144</b>	<b>\$ 1,140,843</b>	<b>\$ 944,174</b>	
									\$ (121,001)	\$ 73,470	
									-6.6%	4.2%	
Depreciation expense	\$ (678,198)	\$ (678,198)	\$ (678,198)	\$ (678,198)	\$ (553,198)	\$ (553,198)	\$ (428,198)	\$ (428,198)	\$ (428,198)	\$ (422,931)	
Amortization expense									\$ -	\$ -	
<b>Operating Income (Loss)</b>	<b>\$ 1,553,493</b>	<b>\$ 1,386,196</b>	<b>\$ 1,218,444</b>	<b>\$ 1,050,294</b>	<b>\$ 942,846</b>	<b>\$ 708,779</b>	<b>\$ 566,340</b>	<b>\$ 450,946</b>	<b>\$ 712,645</b>	<b>\$ 521,243</b>	
<b>Non-Operating Income (Expenses)</b>											
Interest income									\$ 1,895	\$ 2,989	
Interest expense on existing debt	\$ (105,675)	\$ (101,228)	\$ (110,405)	\$ (114,921)	\$ (240,860)	\$ (409,240)	\$ (294,070)	\$ (182,001)	\$ (154,423)	\$ (164,967)	
Interest expense on new debt	\$ (241,317)	\$ (245,327)	\$ (249,208)	\$ (252,966)	\$ (256,604)	\$ (129,197)	\$ -	\$ -			
Capital Contributions									\$ -	\$ 1,000,000	
Other revenue									\$ 1,664	\$ 2,188	
Other expense	\$ (1,308)	\$ (1,488)	\$ (1,644)	\$ (1,812)	\$ (1,968)	\$ (2,136)	\$ (2,280)	\$ (2,436)	\$ (1,658)	\$ (2,019)	
Transfer out - tax equivalents									\$ -	\$ -	
<b>Total Other Income (Expenses)</b>	<b>\$ (348,300)</b>	<b>\$ (348,043)</b>	<b>\$ (361,257)</b>	<b>\$ (369,699)</b>	<b>\$ (499,432)</b>	<b>\$ (540,573)</b>	<b>\$ (296,350)</b>	<b>\$ (184,437)</b>	<b>\$ (152,522)</b>	<b>\$ 838,191</b>	
<b>Change in Net Position</b>	<b>\$ 1,205,194</b>	<b>\$ 1,038,153</b>	<b>\$ 857,186</b>	<b>\$ 680,595</b>	<b>\$ 443,414</b>	<b>\$ 168,206</b>	<b>\$ 269,990</b>	<b>\$ 266,509</b>	<b>\$ 560,123</b>	<b>\$ 1,359,434</b>	
Operating Income b4 Depreciation	\$ 2,231,691	\$ 2,064,394	\$ 1,896,642	\$ 1,728,492	\$ 1,496,044	\$ 1,261,977	\$ 994,538	\$ 879,144	\$ 1,140,843	\$ 944,174	
Interest on existing debt service	\$ 105,675	\$ 101,228	\$ 110,405	\$ 114,921	\$ 240,860	\$ 409,240	\$ 294,070	\$ 182,001	\$ 154,423	\$ 164,967	
Interest on new debt service	\$ 241,317	\$ 245,327	\$ 249,208	\$ 252,966	\$ 256,604	\$ 129,197	\$ -	\$ -			
Principal repayments on existing debt	\$ 362,518	\$ 358,101	\$ 353,371	\$ 348,855	\$ 344,416	\$ 420,027	\$ 415,690	\$ 523,021	\$ 503,443	\$ 492,676	
Principal repayments on new debt	\$ 125,563	\$ 121,553	\$ 117,671	\$ 113,913	\$ 110,276	\$ 54,243	\$ -	\$ -			
<b>Excess (Deficit)</b>	<b>\$ 1,396,619</b>	<b>\$ 1,238,185</b>	<b>\$ 1,065,986</b>	<b>\$ 897,837</b>	<b>\$ 543,889</b>	<b>\$ 249,270</b>	<b>\$ 284,778</b>	<b>\$ 174,122</b>	<b>\$ 986,420</b>	<b>\$ 779,207</b>	
Debt Coverage Ratio	267.25%	249.86%	228.33%	208.09%	157.12%	124.61%	140.12%	124.70%	173.42%	143.57%	
Capitalized Costs	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	
<b>Remaining Cash</b>	<b>\$ 896,619</b>	<b>\$ 738,185</b>	<b>\$ 565,986</b>	<b>\$ 397,837</b>	<b>\$ 43,889</b>	<b>\$ (250,730)</b>	<b>\$ (215,222)</b>	<b>\$ (325,878)</b>	<b>\$ 486,420</b>	<b>\$ 279,207</b>	
<b>Projected Cash Balance</b>	<b>\$ 3,940,234</b>	<b>\$ 3,043,615</b>	<b>\$ 2,305,430</b>	<b>\$ 1,739,444</b>	<b>\$ 1,341,607</b>	<b>\$ 1,297,718</b>	<b>\$ 1,548,448</b>	<b>\$ 1,763,670</b>	<b>\$ 2,089,548</b>	<b>\$ 1,603,128</b>	
<b>Water Rates (In City) - Monthly</b>											
# of customers									0.2%	5,409	5,298
Water Produced / Purchased (gal)										677,102,865	677,102,865
Water Sold (gal)									16.9	571,629,328	571,629,328
% Increase in Water Sold										0.0%	0.3%

Paris BPU

Statement of Revenues, Expenses and Changes in Net Assets \*\*WATER\*\*

	Projected FY2030	Projected FY2029	Projected FY2028	Projected FY2027	Projected FY2026	Projected FY2025	Projected FY2024	Projected FY2023		Audited 2022	Audited 2021
Unaccounted Water (gal)										106,131,000	106,131,000
Water Loss (%)									17.4%	15.7%	15.7%
Increase in customers										111	48
% of increase										2.10%	0.91%
Minimum Bill (no gallons)	\$ 23.00	\$ 22.00	\$ 21.00	\$ 20.00	\$ 18.00	\$ 16.00	\$ 15.00	\$ 14.00		\$ 14.00	\$ 14.00
First 1,000 gallons (per 1,000)	\$ 4.75	\$ 4.50	\$ 4.25	\$ 4.00	\$ 3.75	\$ 3.50	\$ 3.00	\$ 2.75		\$ 2.75	\$ 2.75
Next 1,000 gallons (per 1,000)	\$ 4.75	\$ 4.50	\$ 4.25	\$ 4.00	\$ 3.75	\$ 3.50	\$ 3.00	\$ 2.75		\$ 2.75	\$ 2.75
Next 3,000 gallons (per 1,000)	\$ 4.75	\$ 4.50	\$ 4.25	\$ 4.00	\$ 3.75	\$ 3.50	\$ 3.00	\$ 2.75		\$ 2.75	\$ 2.75
Next 20,000 gallons (per 1,000)	\$ 4.75	\$ 4.50	\$ 4.25	\$ 4.00	\$ 3.75	\$ 3.50	\$ 3.00	\$ 2.75		\$ 2.75	\$ 2.75
Over 25,000 gallons (per 1,000)	\$ 4.75	\$ 4.50	\$ 4.25	\$ 4.00	\$ 3.75	\$ 3.50	\$ 3.00	\$ 2.75		\$ 2.75	\$ 2.75
Wholesale (per 1,000)	\$ 4.75	\$ 4.50	\$ 4.25	\$ 4.00	\$ 3.75	\$ 3.50	\$ 3.25	\$ 3.00		\$ 3.00	\$ 3.00
Wholesale gallons (1,000)	14,500	14,000	13,500	13,000	12,500	12,000	11,500	11,000		10,720	10,720
									Tier #'s		
Charge for 0 gallons >>>>	\$ 23.00	\$ 22.00	\$ 21.00	\$ 20.00	\$ 18.00	\$ 16.00	\$ 15.00	\$ 14.00	580	\$ 14.00	\$ 14.00
Charge for 1K gallons >>>>	\$ 27.75	\$ 26.50	\$ 25.25	\$ 24.00	\$ 21.75	\$ 19.50	\$ 18.00	\$ 16.75	825	\$ 16.75	\$ 16.75
Charge for 2K gallons >>>>	\$ 32.50	\$ 31.00	\$ 29.50	\$ 28.00	\$ 25.50	\$ 23.00	\$ 21.00	\$ 19.50	1000	\$ 19.50	\$ 19.50
Charge for 3K gallons >>>>	\$ 37.25	\$ 35.50	\$ 33.75	\$ 32.00	\$ 29.25	\$ 26.50	\$ 24.00	\$ 22.25	870	\$ 22.25	\$ 22.25
Charge for 4K gallons >>>>	\$ 42.00	\$ 40.00	\$ 38.00	\$ 36.00	\$ 33.00	\$ 30.00	\$ 27.00	\$ 25.00	650	\$ 25.00	\$ 25.00
Charge for 5K gallons >>>>	\$ 46.75	\$ 44.50	\$ 42.25	\$ 40.00	\$ 36.75	\$ 33.50	\$ 30.00	\$ 27.75	1500	\$ 27.75	\$ 27.75
Charge for 19K gallons >>>>	\$ 113.25	\$ 107.50	\$ 101.75	\$ 96.00	\$ 89.25	\$ 82.50	\$ 72.00	\$ 66.25	900	\$ 66.25	\$ 66.25
Charge for 200K gallons >>>>	\$ 973.00	\$ 922.00	\$ 871.00	\$ 820.00	\$ 768.00	\$ 716.00	\$ 615.00	\$ 564.00	10	\$ 564.00	\$ 564.00
Charge for 375K gallons >>>>	\$ 1,804.25	\$ 1,709.50	\$ 1,614.75	\$ 1,520.00	\$ 1,424.25	\$ 1,328.50	\$ 1,140.00	\$ 1,045.25	10	\$ 1,045.25	\$ 1,045.25
5k Ratio to monthly MHI >>>>	1.9%	1.8%	1.7%	1.6%	1.5%	1.4%	1.2%	1.1%		1.1%	1.1%
Actual gallons per customer >>>>									8786	8807	8991
Revenue : Monthly 5k Rate Factor									98926	96627	94315
Revenue check using tiers >>>>	\$ 4,446,369	\$ 4,200,150	\$ 3,956,931	\$ 3,716,712	\$ 3,411,141	\$ 3,108,570	\$ 2,769,984	\$ 2,541,765		\$ 2,718,585	\$ 2,718,585
Revenue check using 5k factor >>>>	\$ 4,624,768	\$ 4,402,186	\$ 4,179,603	\$ 3,957,021	\$ 3,635,513	\$ 3,314,005	\$ 2,967,766	\$ 2,745,183		\$ 2,745,183	\$ 2,745,183
Actual Revenue >>>>										\$ 2,681,391	\$ 2,617,231
Difference: Projected / Actual >>>>									\$ 1,970	\$ 50,493	\$ 114,653
Operating Cost per Customer >>>>									\$ 320	\$ 314	\$ 344
Increase in 5k over previous FY >>	\$2.25	\$2.25	\$2.25	\$3.25	\$3.25	\$3.50	\$2.25	\$0.00		\$0.00	\$0.00
1k % Increase over FY >>	4.7%	5.0%	5.2%	10.3%	11.5%	8.3%	7.5%	0.0%		0.00%	0.00%
2k % Increase over FY >>	4.8%	5.1%	5.4%	9.8%	10.9%	9.5%	7.7%	0.0%		0.00%	0.00%
5k % Increase over FY >>	5.1%	5.3%	5.6%	8.8%	9.7%	11.7%	8.1%	0.0%		0.00%	0.00%



May 15, 2023

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

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

RE: Paris Utility Authority – Request for Approval to Issue Subordinate Revenue Debt

Dear Sandi:

The Paris Utility Authority (the “Authority”) has determined it is advisable to issue water and wastewater revenue bonds in the amount of \$520,000 (the “Bonds”) for the purpose of financing the (i) cost of the design and construction of extensions and improvements to its water and wastewater system; (ii) payment of legal, fiscal, administrative, architectural and engineering costs thereto; (iii) reimbursement to the Authority for funds previously expended for any of the foregoing; and (iv) payment of costs incident to the issuance and sale of the bonds. The Bonds will be sold by direct placement sale to the Foundation Bank, a Division of McKenzie Banking Company at an interest rate of 4.99%.

The Bonds will be payable solely from and secured solely by a lien on the net revenues of the Authority’s water and wastewater system (the “System”) subject to the prior pledge of such revenues in favor of the Authority’s Rural Development Loan 2007 and all debt heretofore issued pursuant to the terms of that certain resolution of the Authority on June 4, 2020, namely, (i) Revenue Refunding Bonds, 2020A, (ii) Revenue Refunding Bonds, 2020B, (iii) Revenue Refunding Bonds, 2020C, (iv) Revenue Refunding Bonds, 2020D, (v) Rural Development Loan 2020, (vi) SRF DWF 2015-164, (vii) SRF DWF 2015-163, (viii) SRF CW5 2017-381, (ix) SRF DWF 2017-195, (x) SRF DWF 2016-178, and (xi) SRF DWF 2017-382.

Pursuant to the Tennessee Local Development Authority’s (the “TLDA) State Revolving Fund Policy and Guidance for Borrowers, this letter serves as a request for TLDA approval of the Authority’s plans to issue the Bonds subordinate to its outstanding SRF Loans, all as described above. For your reference, I have enclosed a copy of the executed bond resolution and the Authority’s current and projected debt service coverage.

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.

Yours truly,

PARIS UTILITY AUTHORITY

  
Terry Wimberley, President and CEO

Attachment

cc: Jeffrey Oldham, Bass, Berry & Sims (via e-mail – [joldham@bassberry.com](mailto:joldham@bassberry.com))  
35610081.2



A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF WATER AND WASTEWATER SYSTEM REVENUE BONDS OF THE PARIS UTILITY AUTHORITY; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES FROM THE WATER AND WASTEWATER SYSTEM OF THE PARIS UTILITY AUTHORITY; AND MAKING PROVISION FOR THE OPERATION OF SAID SYSTEM

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

1. Authority: Findings.

- a. The Paris Utility Authority (the "Authority") has been created as a governmental authority and public corporation pursuant to the Municipal Energy Authority Act, Sections 7-36-101 *et seq.*, Tennessee Code Annotated, as amended (the "Act").
- b. The Authority owns and operates a water and wastewater system (the "System").
- c. Section 7-36-113 of the Tennessee Code Annotated authorizes the Authority to issue revenue bonds and use the bond proceeds to finance the construction of improvements and extensions to the System and to reimburse itself for moneys previously spent by the Authority on the System pursuant to Sections 7-36-113(a)(1) – (4) of the Tennessee Code Annotated.
- d. The Authority has determined it is advisable to issue its revenue bonds for the purpose of financing the (i) cost of the design and construction of extensions and improvements to the System; (ii) payment of legal, fiscal, administrative, architectural and engineering costs thereto; (iii) reimbursement to the Authority for funds previously expended for any of the foregoing; and (iv) payment of costs incident to the issuance and sale of the bonds authorized herein (the "Project").
- e. The proposed bonds will not be general obligations of any municipality and bondholders will have no recourse to any municipality's power of taxation, but instead, said bonds will be payable from and secured solely by the revenues of the System, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System, and to the prior pledge of such revenues in favor of the Authority's Rural Development Loan 2007 and all debt heretofore issued pursuant to the terms of that certain resolution of the Board of Directors of the Authority on June 4, 2020 (the "Senior Lien Resolution"), namely, (i) Revenue Refunding Bonds, 2020A, (ii) Revenue Refunding Bonds, 2020B, (iii) Revenue Refunding Bonds, 2020C, (iv) Revenue Refunding Bonds, 2020D, (v) Rural Development Loan 2020, (vi) SRF DWF 2015-164, (vii) SRF DWF 2015-163, (viii) SRF CW5 2017-381, (ix) SRF DWF 2017-195, (x) SRF DWF 2016-178, and (xi) SRF DWF 2017-382 (collectively, the "Prior Lien Bonds").

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

- a. “Bonds” means the series of water and wastewater system revenue bonds, if and when issued in accordance with the provisions of Section 12 hereof;
- b. “Credit Agreement” means the credit agreement(s) entered into by the Authority with the Lender, as described in Section 6(b) hereof;
- c. “Lender” means each financial institution selected by the President of the Authority to purchase in the manner described in Section 6(a) hereof;
- d. “Registration Agent” means the Authority’s Vice President of Administration and Finance, or any successor designated by the Authority’s Board of Directors; and
- e. “Series 2023 Bonds” means the water and wastewater system revenue bonds authorized by this Resolution and issued on a subordinate basis to the Prior Lien Bonds.

3. Authorization and Terms of the Series 2023 Bonds.

- a. General Terms. The Board of Directors of the Authority hereby authorizes the issuance of revenue bonds in an aggregate principal not to exceed \$520,000. Each Series 2023 Bond shall be designated as a “Water and Wastewater System Revenue Bonds, Series 2023” or such other name as may be selected by the President of the Authority. The Series 2023 Bonds shall (i) be dated the date of their delivery; (ii) bear interest at a federally-taxable fixed or rates not to exceed the maximum interest rate permitted by Tennessee law, payable at such times as may be agreed to with the Lender(s); and (iii) mature on a date not later than the last day of the fifth fiscal year commencing after the issue date of Series 2023 Bonds, all as may be established by the President of the Authority, in accordance with the terms of Section 6(b) hereof.
- b. Optional Redemption. The Series 2023 Bonds shall be subject to redemption at the option of the Authority on those dates and at those prices established by the President of the Authority pursuant to Section 6(b) hereof.
- c. Registration of Bonds. The Series 2023 Bonds shall be issued in fully registered, book-entry form, without coupons. The President of the Authority hereby authorizes and directs the Registration Agent to maintain Series 2023 Bond registration records with respect to the Series 2023 Bonds, to authenticate and deliver the Series 2023 Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Series 2023 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2023 Bonds as provided herein, to cancel and destroy Series 2023 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Authority at least annually a certificate of destruction with respect to Series 2023 Bonds canceled and destroyed, and to furnish the Authority at least annually an audit confirmation of Series 2023 Bonds paid, Series 2023 Bonds outstanding and payments made with respect to interest on the Series 2023 Bonds.
- d. Payment of Bonds. The Series 2023 Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Series 2023 Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Series 2023 Bond registration records maintained by the

Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Series 2023 Bond registration records, without, except for final payment, the presentation or surrender of such registered Series 2023 Bonds, and all such payments shall discharge the obligations of the Authority in respect of such Series 2023 Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2023 Bonds shall be made upon presentation and surrender of such Series 2023 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a 360-day year composed of twelve months of 30 days each. If requested by any registered owner of at least \$500,000 in aggregate principal amount of the Series 2023 Bonds, payment of interest on such Series 2023 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

- e. Defaulted Interest. Any interest on any Series 2023 Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter “Defaulted Interest”) shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Authority to the persons in whose names the Series 2023 Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Authority shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2023 Bond and the date of the proposed payment, and at the same time the Authority shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than 15 nor less than ten days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Authority of such Special Record Date and, in the name and at the expense of the Authority, not less than ten days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Series 2023 Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Series 2023 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Authority to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2023 Bonds when due.
- f. Transfer and Exchange of Bonds. The Series 2023 Bonds shall be issued in a single denomination equal to the initial principal amount thereof. The Series 2023 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his or her legal representative duly authorized in writing, of the registered Series 2023 Bond(s) to be transferred with the form of assignment on the reverse side thereof

completed in full and signed with the name of the registered owner as it appears upon the face of the Series 2023 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2023 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series 2023 Bond or the Series 2023 Bond to the assignee(s) in \$100,000 denominations, or any integral multiple in excess thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series 2023 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2023 Bond, nor to transfer or exchange any Series 2023 Bond after the publication of notice calling such Series 2023 Bond for redemption has been made, nor to transfer or exchange any Series 2023 Bond during the period following the receipt of instructions from the Authority to call such Series 2023 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series 2023 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series 2023 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Authority nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series 2023 Bonds shall be overdue. The Series 2023 Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Series 2023 Bonds of the same maturity in any authorized denomination or denominations.

- g. Execution of Bonds. The Series 2023 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf of the Authority, by the President of the Authority and attested by the Secretary of the Board of Directors.
- h. Authentication and Delivery. The Registration Agent is hereby authorized to authenticate and deliver the Series 2023 Bonds to the Lender, upon receipt by the Authority of the proceeds of the sale thereof and to authenticate and deliver Series 2023 Bonds in exchange for Series 2023 Bonds of the same principal amount delivered for transfer upon receipt of the Series 2023 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2023 Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Series 2023 Bond form.
- i. Replacement Bonds. In case any Series 2023 Bond shall become mutilated, or be lost, stolen, or destroyed, the Authority, in its discretion, shall issue, and the Registration Agent, upon written direction from the Authority, shall authenticate and deliver, a new Series 2023 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2023 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series 2023 Bond, or if any such Series 2023 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2023 Bond the Authority may pay or authorize payment of such Series 2023 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Authority and the Registration Agent of the destruction, theft or loss of such Series 2023 Bond, and indemnity satisfactory to the Authority and the Registration Agent; and the Authority may charge the applicant for the issue of such new Series 2023 Bond an

amount sufficient to reimburse the Authority for the expense incurred by it in the issue thereof.

4. Form of Series 2023 Bonds. The Series 2023 Bonds shall be in substantially the form attached hereto as Exhibit A. The form of the Series 2023 Bond set forth Exhibit A shall be conformed to reflect any changes made pursuant to Section 6 hereof.
5. Source of and Security for Payment. The Series 2023 Bonds shall be payable solely from and secured by a pledge of the Net Revenues, subject only to the prior pledge thereof in favor of the Prior Lien Bonds, and Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Series 2023 Bonds do not constitute a debt of the State of Tennessee, or any political subdivision thereof, or municipal corporation therein, other than the Authority, and no holder of the Series 2023 Bonds shall have recourse to the taxing power of any such entities.
6. Sale of the Series 2023 Bonds; Changes Authorized.
  - a. The Series 2023 Bonds shall be offered for sale to a financial institution selected through an informal bid process, at a price of par, as shall be determined by the President of the Authority, and no further action of the Board of Directors of the Authority with respect thereto shall be required.
  - b. To facilitate the sale of the Bonds in a manner that is in the best interest of the Authority, the President of the Authority is authorized to (i) cause to be sold an aggregate principal amount of the Bonds less than that authorized herein; (ii) establish the redemption provisions for the Bonds, if any; (iii) change the dated date of the Bonds to a date other than the issue date; (iv) change the series designation of the Bonds to a series other than "Series 2023"; (v) establish the principal and interest payment dates of the Bonds within the parameters of Section 3(a); (vi) establish the interest rate or rates for the Bonds, and (vii) establish such other terms and conditions of the Series 2023 Bonds, as may be requested by the Lender(s), provided that such terms are not inconsistent with the terms of this Resolution. The President of the Authority is hereby authorized to enter into one or more credit agreements with the Lender as may be necessary to more fully incorporate any such provisions as may be requested by the Lender(s) (any such agreement, a "Credit Agreement").
  - c. The President of the Authority and the Secretary of the Board of Directors, or either of them, are authorized to cause the Bonds to be authenticated by the Registration Agent and delivered to the purchaser thereof, and to execute, publish, and deliver all certificates and documents, as they shall deem necessary in connection with the sale and delivery of the Bonds.
7. Application of Proceeds of Series 2023 Bonds. The proceeds of the sale of the Series 2023 Bonds shall be held and maintained in a separate and special fund of the Board to be known as the "2023 Bond Proceeds Fund" (the "Project Fund"). The funds deposited in the Project Fund shall be disbursed solely to pay the costs of the Project, to reimburse the Board for any funds previously expended for costs of the Project, and to pay the costs of issuance of the Series 2023 Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2023 Bonds. Moneys in the Project Fund shall be invested in such investments as shall be permitted by applicable law and the earnings thereon shall be retained in the Project Fund and used for the Project.

8. Funds, Accounts and Subaccounts: Application of Revenues. The Authority shall cause the Gross Earnings of the System to be collected, deposited and administered in the manner described in Article VI of the Senior Lien Resolution, and the provisions of such Article VI shall be deemed to have been incorporated herein. As long as the Prior Lien Bonds remain outstanding, the Series 2023 Bonds shall be payable as subordinate lien bonds as described in Section 6.1(e) of the Senior Lien Resolution.
9. Covenants Regarding the Operation of the System. The Authority shall cause the System to be operated in the manner described in Article VII of the Senior Lien Resolution, and the provisions of such Article VII shall be deemed to have been incorporated herein.
10. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Authority and the registered owners of the Series 2023 Bonds, and after the issuance of the Series 2023 Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as provided in Section 13 hereof, until such time as the Series 2023 Bonds shall have been paid in full or discharged pursuant to Section 12 hereof.
11. Remedies of Bond Owners. Any registered owner of any of the Series 2023 Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Authority by the provisions of this Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof. If any default be made in the payment of principal of, premium, if any, or interest on the Series 2023 Bonds, then upon the filing of suit by any registered owner of said Series 2023 Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Authority with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of this Resolution.
12. Discharge and Satisfaction of Bonds. If the Authority shall pay and discharge the indebtedness evidenced by all or any portion of the Series 2023 Bonds in any one or more of the following ways:
  - a. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Series 2023 Bonds as and when the same become due and payable;
  - b. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Series 2023 Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Series 2023 Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);
  - c. By delivering such Series 2023 Bonds to the Registration Agent, for cancellation by it;

and if the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority with respect to such Series 2023 Bonds, or make adequate provision therefor, and by resolution of the instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Series 2023 Bonds when due, then and in that case the indebtedness evidenced by such Series 2023 Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Authority to the holders of such Series 2023 Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Authority shall pay and discharge the indebtedness evidenced by any of the Series 2023 Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Series 2023 Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Series 2023 Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Registration Agent.

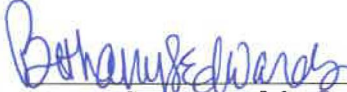
13. Modification of Resolution. This Resolution may be amended without the consent of or notice to the Lenders for the purpose of curing any ambiguity or formal defect or omission herein. Any other amendment shall not be effective without the prior written consent of the holders of the Lenders.
14. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption.
15. Separability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

*(signature page follows)*

Adopted and approved on April 25, 2023.

  
\_\_\_\_\_  
Chairman

ATTEST:

  
\_\_\_\_\_  
Secretary of the Board of Directors



DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

**Drinking Water State Revolving Fund (DWSRF) Loan Program  
Funds Available for Loan Obligation  
May 31, 2023**

<b>Unobligated Balance as of March 27, 2023</b>			<b>\$ 99,448,313</b>
<b><u>Increases:</u></b>	<b><u>Loan Number</u></b>	<b><u>Amount</u></b>	
			<b>\$ -</b>
<b>Unobligated Balance as of May 31, 2023</b>			<b>\$ 99,448,313</b>
<b><u>Decreases:</u></b>	<b><u>Loan Number</u></b>	<b><u>Loan Amount</u></b>	
Town of Smyrna	DWF 2022-246-01	\$1,100,000	
			<b>\$ (1,100,000)</b>
<b>Remaining Funds Available for Loan Obligations as of May 31, 2023</b>			<b>\$ 98,348,313</b>

# FACT SHEET

## May 31, 2023

**Borrower:** Town of Smyrna  
**Project Number:** DWF 2022-246-01  
**Requested SRF Funding:** \$1,100,000  
**Term:** 20 years  
**Rate:** 3.10% = 3.10% X 100% (Tier 4)

### Project:

Waterline Replacements: replacing approximately 7,800 linear feet of 8-inch diameter lines with 24-inch diameter waterlines by methods of open cut and pipe bursting.

Total Project Cost:	\$3,600,000
Project Funding:	
SRF Loan Principal	\$ 1,100,000
Local Funds	\$ -0-
Other Funds (DWF 2022-246)	\$ 2,500,000

County:	Rutherford County
Consulting Engineer:	James C. Hailey & Company Consulting Engineers
Priority Ranking List:	2021
Priority Ranking:	27 of 72 <sup>1</sup>
Public Meeting:	11/09/2021

### Financial Information:

Operating Revenues:	\$24,042,453
Current Rate:	\$23.22
Financial Review Rate:	\$23.22
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	15,629
Audit Report Filed:	12/28/2022 (Timely)
Initial Financial Sufficiency Review:	01/27/2023
Updated Financial Sufficiency Review:	N/A

The financial sufficiency review indicated revenues and rates are sufficient to repay the requested SRF loan.

### Additional Security:

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

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<sup>1</sup> The project is ranked #27 of 72 on the 2021 Priority Ranking List (PRL).

**FACT SHEET**  
**May 31, 2023**

The SSTs received by the borrower from the state in the prior fiscal year: \$8,256,801

MADS:	Prior Obligations:	\$2,526,469
	Requested loan(s):	
	DWF 2022-246-01	<u>\$ 73,869</u>
	Totals	<u><u>\$2,600,338</u></u>

MADS as a percentage of SSTs: 31.49%

**REPRESENTATION OF  
LOANS AND STATE-SHARED TAXES  
TOWN OF SMYRNA  
DWF 2022-246-01**

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, charges, and ad valorem taxes as necessary to meet its obligations under a SRF Loan Agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

**1. State-Shared Taxes**

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. § 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$8,256,801.

**2. Prior Obligations**

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

Loan Type	Loan #	Base Loan*	Principal Forgiveness*	MADS**
SRF/Sewer	CGA 2009-234	\$3,450,000	\$2,300,000	\$212,191
SRF/Sewer	CG0 2010-258	\$344,426	\$86,106	\$20,796
SRF/Sewer	CW4 2014-343	\$190,683	\$14,352	\$7,620
SRF/Water	DW4 2015-154	\$83,376	\$27,792	\$4,602
SRF/Sewer	CG7 2019-423	\$2,700,000	\$300,000	\$115,116
SRF/Sewer	SRF 2020-438	\$18,000,000	\$0	\$724,908
SRF/Water	DG9 2021-231	\$2,687,373	\$0	\$143,412
SRF/Sewer	SRF 2020-438-01	\$17,200,000	\$0	\$654,420
SRF/Water	DWF 2022-246	\$2,500,000	\$0	\$146,148
SRF/Sewer	SRF 2022-472	\$1,760,000	\$0	\$362,928
SRF/Sewer	CG20 2022-474	\$800,000	\$0	\$48,204
SRF/Sewer	SRF 2023-481	\$1,300,000	\$0	\$86,124

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

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

The total MADS from section 2(a.) having a lien on SSTs is \$2,526,469.

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

Type of Obligation	Identifying #	Loan Amount	Principal Forgiveness	MADS
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$2,526,469.

**3. Loan Requests**

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

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Principal Forgiveness	Anticipated MADS
SRF/Water	DWF 2022-246-01	3.10%	\$1,100,000	\$0	\$73,869

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$73,869.

**4. Unobligated SSTs**

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$5,656,463.

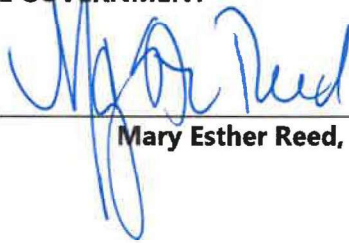
**The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.**

**Duly signed by an authorized representative of the Local Government on this 11th day of April, 2023.**

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

**LOCAL GOVERNMENT**

BY:



Mary Esther Reed, Mayor

**REQUIREMENT FOR REPORT ON DEBT OBLIGATION**  
(FORM CT-0253)  
**TOWN OF SMYRNA**  
**DWF 2022-246-01**

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

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

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

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

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

**The applicant, Town of Smyrna, 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.**



Mary Esther Reed, Mayor

April 11, 2023

Date