

**Water Authority of Dickson County**  
**\$18,500,000 Water and Wastewater Revenue Refunding Bonds, Series 2019**

**Plan of Refunding**

**A. Identification of Key Professionals (including financial advisor(s), bond counsel, underwriter(s), or lender(s)) who have provided advice or proposals on which the issuer relied to prepare the plan:**

- |    |                     |                    |
|----|---------------------|--------------------|
| 1. | Financial Advisor:  | Kidwell & Company  |
| 2. | Bond Counsel:       | White & Regen, PLC |
| 3. | Disclosure Counsel: | White & Regen, PLC |
| 4. | Underwriter:        | TBD                |
| 5. | Lender:             | N/A                |

**B. Purpose(s) of Refunding, including parameters:**

- 1. Cost savings: Include a projection of the savings and amortization schedules for both refunding and refunded debt.**

It is anticipated that the Bonds will result in a cost savings, on a net present value basis, to the Authority in the amount of \$856,494.66. The anticipated principal, coupon, average life, and average coupon of the Bonds are as reflected in Attachment 1. The principal, coupon, average life, and average coupon of the remaining outstanding maturities of the refunded bonds are set forth in Attachment 2. A debt service comparison, including net present value debt service savings, is set forth in Attachment 3. Changes to general municipal market interest rate levels, specific premium or discount coupon versus yield structures, credit ratings, among other factors may affect the amount of Series 2019 Bonds issued and associated net present value savings levels. It is the intent of the Authority to achieve not less than approximately 3.00% net present value savings in association with the issuance of the Series 2019 refunding bonds.

- 2. Restructuring: Provide a comparison of existing and proposed structures, describing why debt is being restructured.**

The Bonds are being issued in a structure intended to concentrate the cash flow savings, relative to the refunded obligations, in the latter portion of the period remaining to final maturity (December 1, 2032). This concentration is deemed advisable by the Authority in light of the Authority's long-term need to construct and place in operation a new wastewater treatment plant to serve the southwestern portion of the Authority's service area. Present best estimations place the total project cost of the new treatment plant, which is presently in the pre-permitting phases (biological modelling of potential discharge streams(s), etc.) in the \$19 million range, with construction desired to commence five to seven years from the

present. Reducing the cash flow necessary to service the Bonds during the period of construction will allow for minimization of the unavoidable overall increase in debt service to be expected in connection with financing and construction of the new treatment plant.

**3. Covenant change: Clearly describe the covenant to be eliminated or revised and any change in the structure:**

N/A

**4. Reduction or Elimination of Risk: Describe the risk to be reduced or eliminated.**

N/A

**C. Statement that the proposed refunding complies with the issuer's adopted debt management policy and a description of how the transaction is consistent with the policy, including any savings threshold. If there is no adopted debt management policy or the transaction is not consistent, the issuer shall provide a detailed explanation.**

The proposed refunding is consistent with the Authority's adopted debt management policy, in that:

- a. The Bonds are to be issued for the purpose of effectuating cost savings to the public. Section XII.1.B.(1)(a).
- b. As revenue refunding bonds, the Bonds are a permissible form of indebtedness pursuant to applicable law. Section XII.1.B.(2)(b)(ii).
- c. Net revenues for the Authority's systems was, for the Authority's fiscal year preceding issuance of the Bonds, at least 125% of the maximum annual debt service requirements in respect of the Authority's total indebtedness. Section XII.1.C.(1).
- d. Net revenues for the Authority's fiscal years succeeding the Bonds' issuance are projected to be not less than 175% of the Authority's maximum annual debt service requirements. Section XII.1.C.(2) and (3).
- e. The Authority presently has on hand, and after issuance of the Bonds anticipates having on hand as net unrestricted funds, not less than 225-300 days of budgeted operating expenditures. Section XII.1.C.(4).
- f. The present remaining useful life of the system assets financed by the indebtedness the remaining maturities of which are to be refunded by the

Bonds exceeds 120% of the weighted average maturity of the Bonds. Section XII.3.A.

- g. The cost savings to be achieved through the Bonds' issuance will coincide with the Authority's known operational requirements for the construction of a new wastewater treatment plant (presently in the pre-permitting process), and the attendant issuance of parity debts in connection with financing its construction. Section XII.3.C.
- h. The Bonds will be fixed-rate obligations. Section XII.3.G.(1).
- i. The overall maturity of the Bonds is not past the final maturity date of the refunded bonds (December 1, 2032).
- j. The average coupon of the Bonds – 1.6132211% (see Attachment 1) – will be less than the average coupon of the remaining outstanding maturities of the refunded bonds, 2.8547352%.
- k. The Bonds will, when issued, not result in the Authority's total indebtedness exceeding 75% of the Authority's total assets, or \$7,500 per customer. Section XII.A.1.
- l. The Bonds are to be sold in a manner consistent with the provisions of Section XII.4. of the debt management policy.

**D. Other information.**

**1. Amortization schedules for both (proposed) refunding and (outstanding) debt to be refunded.**

- a. The amortization schedule for the obligations to be refunded is set forth in Attachment 2.
- b. The proposed amortization schedule for the Bonds is set forth in Attachment 1.

**2. Refunding Debt:**

- a. **Maximum size to be authorized by the governing body, identifying all outstanding debt that could be included in the refunding:** Approximately, \$18,500,000. The refunding debt will be issued to refund all remaining maturities, principal and interest, of the Authority's \$27,435,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 2013. The present remaining outstanding principal, inclusive of the December 1, 2019, maturity, of the indebtedness to be refunded, is \$17,620,000.

- b. **Anticipated size:** The anticipated amount of Series 2019 Bonds to be issued is at the level of \$18,220,000, and it is anticipated that the Authority will authorize the issuance of not to exceed \$18,500,000 of the Bonds.
- c. **Anticipated final maturity and weighted average maturity. If the final maturity is extended beyond the fiscal year of the final maturity of debt to be refunded or the weighted average maturity is increased, list the projects as required below for refunded debt:**
  - i. **Final maturity:** December 1, 2032
  - ii. **Weighted average maturity:** 6.169 years
- d. **Breakdown of Costs of Issuance:** See Attachment 4
- e. **Sources and Uses of Funds:** See Attachment 5

**3. Refunded Debt: Information must be provided with respect to each debt issue to be refunded (if all currently outstanding debt will not be refunded, identify maturities that are candidates for refunding):**

- a. **Name of Issue, type of debt, original terms, including whether the debt is federally tax-exempt or taxable.**

\$27,435,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 2013 (“Series 2013 Bonds”). This debt is federally tax-exempt, and has a final maturity date of December 1, 2032 (see Attachment 2).

- b. **Date of issue and copy of CT-0253:**

Date of issue: May 30, 2013; CT-0253 filed June 13, 2013 (copy attached as Attachment 6)

- c. **Date of authorization by governing body:**

Date of initial resolution: March 11, 2013

Date of detailed resolution: April 8, 2013

- d. **Whether bank-qualified or under other small-issuer exemption.**

No

**e. Projects funded with proceeds of issue and remaining average life of projects (if final maturity or weighted average maturity of debt is extended):**

The Series 2013 Bonds were issued to refund on a current basis certain then-outstanding debt of the Authority, which either (i) had been issued in connection with the Authority's construction of its Cumberland River water treatment plant and associated distribution system; (ii) had been incurred during the Authority's operations through date; or (iii) was pre-existing indebtedness of the entities which had transferred their water and/or wastewater systems to the Authority, and which the Authority had assumed, either in connection with the Authority's commencement of operations (2002), or with the acquisition of the water and wastewater systems of City of Fairview, Tennessee (2006). A copy of the Form CT-0253 filed with respect to the refunded bonds is set forth in Attachment 7. For details of the obligations refunded with proceeds of the Series 2013 Bonds, see below.

**f. Derivative product, if any, and copy of Report of Compliance.**

N/A

**4. If the proposed refunded debt was a refunding of prior debt, provide the same information for each generation of debt back to the original new money debt issuance; and provide a copy of the Report of Review of the Plan of Refunding.**

**a. Name of issue; type of debt; date of issue; original terms, including whether the debt was federally taxable or non-taxable; project(s) funded with issue and remaining average lifespan of projects (if final maturity or weighted average maturity of debt is extended); date CT-0253 filed:**

(i) City of Dickson, Tennessee \$5,504,425 1991 State Revolving Fund Loan Agreement dated October 29, 1993, maturing September 1, 2017; authorized by resolution adopted on October 4, 1993; federally tax-exempt; funded extensions and improvements to systems then owned by City of Dickson, Tennessee and subsequently transferred to the Authority; not designated "bank qualified" or issued under other small issuer exception; remaining average lifespan is in excess of 25 years; no CT-0253 required or filed

(ii) City of Dickson, Tennessee \$2,572,650 1997 State Revolving Fund Loan Agreement dated September 25, 1997, maturing September 30, 2020; authorized by resolution adopted on April 7, 1997; federally tax-exempt; funded extensions and improvements to systems then owned by City of Dickson, Tennessee and

subsequently transferred to the Authority; not designated “bank qualified” or issued under other small issuer exception; remaining average lifespan is in excess of 25 years; no CT-0253 required or filed

- (iii) City of Dickson, Tennessee \$1,310,000 1999 State Revolving Fund Loan Agreement dated June 22, 2000, maturing February 28, 2022; authorized by resolution adopted on July 12, 1999; federally tax-exempt; funded extensions and improvements to systems then owned by City of Dickson, Tennessee and subsequently transferred to the Authority; not designated “bank qualified” or issued under other small issuer exception; remaining average lifespan is in excess of 25 years; no CT-0253 required or filed
- (iv) City of Dickson \$414,156 2000 State Revolving Fund Loan Agreement dated November 14, 2001; authorized by amended resolution adopted on January 8, 2001; federally tax-exempt; funded extensions and improvements to systems then owned by City of Dickson, Tennessee and subsequently transferred to the Authority; not designated “bank qualified” or issued under other small issuer exception; remaining average lifespan is in excess of 25 years; no CT-0253 required or filed
- (v) \$23,000,000 Series 2002 Water Authority of Dickson County Waterworks System Revenue Bonds dated May 1, 2002; authorized by resolution adopted on April 8, 2002; federally tax-exempt; funded construction of the Authority’s Cumberland River water treatment plant and associated distribution system improvements; not designated “bank qualified” or issued under other small issuer exception; remaining average lifespan is in excess of 25 years; CT-0253 filed May, 2002 (copy attached)
- (vi) \$4,000,000 Series 2003 United States Department of Agriculture Rural Development Community Facilities Phase I Bonds dated November 7, 2002, maturing no later than 2041; authorized by resolution adopted on August 12, 2002; federally tax-exempt; funded extensions to and improvements of the Authority water treatment and distribution system in connection with construction of the Authority’s Cumberland River water treatment plant; not designated “bank qualified” or issued under other small issuer exception; remaining average life span is in excess of 25 years; CT-0253 filed November 20, 2002 (copy attached)
- (vii) \$4,000,000 Series 2003 United States Department of Agriculture Rural Development Community Facilities Phase II Bonds dated May 12, 2003; authorized by resolution adopted on September 9,

2002; federally tax-exempt; funded extensions to and improvements of the Authority water treatment and distribution system in connection with construction of the Authority's Cumberland River water treatment plant; not designated "bank qualified" or issued under other small issuer exception; remaining average life span is in excess of 25 years; CT-0253 filed May 19, 2003 (copy attached)

- (viii) \$2,315,000 2007 First Federal Bank of Dickson, Tennessee Loan Agreement dated November 5, 2007, maturing November 5, 2027, approved in the minutes of the meeting of the Board on October 8, 2007; federally tax-exempt; not designated "bank qualified" or issued under other small issuer exception; funded acquisition and build-out of the Authority's main office and principal operational location at 101 Cowan Road, Dickson, Tennessee; remaining lifespan is in excess of 25 years; CT-0253 filed March 22, 2013 (copy attached)
- (ix) \$1,850,000 TriStar Bank Loan Agreement dated October 22, 2009, as amended on June 18, 2012, maturing on June 18, 2015; authorized by resolution adopted on October 12, 2009; federally tax-exempt; not designated "bank qualified" or issued under other small issuer exception; funded construction of extensions and improvements to the Authority's systems; CT-0253 filed March 22, 2013 (copy attached)

**b. Filing date of CT-0253 (if applicable)**

See above; copies of Forms CT-0253 are set forth in Attachment 8.

**c. Derivative product, if any, and copy of Report of Compliance**

N/A