

Water Authority of Dickson County

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



May 21, 2021

Ms. Betsy Knotts
Director of the Division of Local Government Finance
State of Tennessee
Cordell Hull State Office Building
425 5th Avenue North, 4th Floor
Nashville, TN 37243

via electronic mail

Re: Proposed Approximately \$19,370,000 Water Authority of Dickson County Water and Wastewater Revenue Refunding Bonds, Series 2021

Dear Ms. Knotts:

On behalf of the Water Authority of Dickson County (the "Authority"), I am submitting this request for report on the proposed issuance of tax-exempt water and wastewater revenue refunding and improvement bonds (the "Series 2021 Bonds") pursuant to *Tennessee Code Annotated* §9-21-1003. The Board of Commissioners intends to consider the bond resolution authorizing the Series 2021 Bonds at a special called meeting in May.

In connection with this request, I am enclosing the following:

- Exhibit A – DRAFT of proposed bond resolution
- Exhibit B - Financial projections detailing the plan of finance for the Series 2021 Bonds, which includes (i) estimated amortization schedule for the Series 2021 Bonds, (ii) a detailed schedule of the costs of issuance for the Series 2021 Bonds and (iii) a listing of the sources and uses of funds for the Series 2021 Bonds
- Exhibit C - Financial report on the refunding portion of the Series 2021 Bonds, including (i) a projection of savings generated in the current market and (ii) amortization schedules for both the Refunded Bonds and the refunding portion of the Series 2021 Bonds
- Exhibit D - Schedule of total outstanding debt of the Authority as of the beginning of the current fiscal year and schedule of total debt service following issuance of the Series 2021 Bonds
- Exhibit E – Link to audited financial statements of the Authority for the six-month period from January 1, 2020 through June 30, 2020 –The Authority transitioned to a June 30 fiscal year in 2020. Following the link to the audited financial statements are current unaudited financial schedules as of March 31, 2021.
- Exhibit F – Current Debt Management Policy of the District
- Exhibit G – The obligations for refunding are State Revolving Fund Loans and bank loans. The State Forms for the bank loans are included. In addition, for your convenience are the loan agreements associated with each of the SRF obligations proposed for refunding.

FINANCING SUMMARY

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

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

DESCRIPTION OF REFUNDED BONDS

The following chart summarizes the terms of the Refunded Bonds.

State Revolving Fund Loan (SRF 2017-385)

Name of Issue	State Revolving Fund Loan (SRF 2017-385)
Type of Debt	State Revolving Fund Loan
Original Terms	20-year amortization, fixed rate, principal and interest monthly
Tax-Status	Tax-exempt
Maturities Proposed for Refunding	All outstanding
Date of Issue	August 17, 2017
Authorized by Resolution	July 10, 2017
Bank-Qualified Status	No
Purpose	Fund System improvements.

State Revolving Fund Loan (SRF 2017-384)

Name of Issue	State Revolving Fund Loan (SRF 2017-384)
Type of Debt	State Revolving Fund Loan
Original Terms	20-year amortization, fixed rate, principal and interest monthly
Tax-Status	Tax-exempt
Maturities Proposed for Refunding	All outstanding
Date of Issue	August 17, 2017
Authorized by Resolution	July 10, 2017
Bank-Qualified Status	No
Purpose	Fund System improvements.

State Revolving Fund Loan (SRF 2012-295)

Name of Issue	State Revolving Fund Loan (SRF 2012-295)
Type of Debt	State Revolving Fund Loan
Original Terms	20-year amortization, fixed rate, principal and interest monthly
Tax-Status	Tax-exempt
Maturities Refunded	All outstanding
Date of Issue	June 6, 2012
Authorized by Resolution	February 13, 2012
Bank-Qualified Status	No
Purpose	Fund System improvements.

State Revolving Fund Loan (SRF 2009-247)

Name of Issue	State Revolving Fund Loan (SRF 2009-247)
Type of Debt	State Revolving Fund Loan
Original Terms	20-year amortization, fixed rate, principal and interest monthly
Tax-Status	Tax-exempt
Maturities Refunded	All outstanding
Date of Issue	October 26, 2009
Authorized by Resolution	September 29, 2009
Bank-Qualified Status	No
Purpose	Fund System improvements.

Bank of Dickson Loan (#3403)

Name of Issue	Bank of Dickson Loan (#3403)
Type of Debt	Bank Loan
Original Terms	Monthly principal and interest payments, fixed rate, 5-year amortization
Tax-Status	Tax-exempt
Maturities Refunded	All outstanding
Date of Issue	May 27, 2020
Bank-Qualified Status	Yes
Purpose	Dump truck purchase.

Bank of Dickson Loan (#3395)

Name of Issue	Bank of Dickson Loan (#3395)
Type of Debt	Bank Loan
Original Terms	Monthly principal and interest payments, fixed rate, 5-year amortization
Tax-Status	Tax-exempt
Maturities Refunded	All outstanding
Date of Issue	May 27, 2020
Bank-Qualified Status	Yes
Purpose	Dump truck purchase.

Available State Reports on Debt Obligations (CT Forms) are included as Exhibit G.

DESCRIPTION OF REFUNDING PLAN AND SAVINGS

- The proposed refunding is made beneficial by a combination of the current low interest rate environment, contribution of the Authority's security deposits associated with the State Revolving Fund obligations in the amount of approximately \$740,000, and shortening the final maturity on the Authority's current SRF obligations. The refunding is projected to result in \$381,449.26 in net present value savings to the Authority or 3.635% of refunded principal. A projection of savings generated based on current market rates is included in Exhibit B.
- The final maturity of the refunding portion of the Series 2021 Bonds will not extend beyond the fiscal year of the final maturity of the Refunded Bonds, and the weighted average maturity of the refunding portion of the Series 2021 Bonds will not be in excess of the weighted average maturity of the Refunded Bonds.
- The Refunding Bonds will shorten the final maturity of the District's current bonds from 2039 to 2034 and reduce the weighted average maturity of the bonds being refunded. The amortization schedules for both the Refunded Bonds and the Refunding Bonds are included in Exhibit B hereto.

CONSISTENCY WITH DEBT MANAGEMENT POLICY

The Authority updated and re-adopted a debt management policy on August 13, 2018. The policy is attached hereto as Exhibit E. The Bonds comply in all material respects with the Authority's debt management policy, including specifically the following:

Types of Debt—Our plan assumes issuance of long-term, revenue improvement bonds and revenue refunding bonds as defined in our policy on page 11. In addition, the Authority has determined that the proposed Series 2021 Bonds are in compliance with the debt management policy, set forth the statement of financial and credit objectives and are a fully integrated component of annually updated capital expenditures budgets and capital improvement plans.

Purposes of Debt Issuance—The refunding complies with our policy as it is expected to produce net PV savings of approximately 3.635% of refunded principal (\$381,449.26 net present value savings) and remove one or more restrictive covenants. (Purposes of Debt Issuance—page 9)

The new money portion complies with our policy as it is expected to fund capital improvements of the system. (Purposes of Debt Issuance—page 9)

ADDITIONAL INFORMATION

Should you have additional questions or require further information in order to issue your report, please do not hesitate to contact any of the following individuals who have assisted the District in connection with the preparation of this request and plan of finance.

Authority
Michael K. Adams, PE
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615.441.4188

Municipal Advisor
Oakdale Municipal Advisors
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Bond Counsel
White & Regen, PLC
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Respectfully,



Michael K. Adams
Executive Director

EXHIBIT A

The Board of Commissioners of Water Authority of Dickson County met in a regular session at the offices of Water Authority of Dickson County, 101 Cowan Road, Dickson, Tennessee, at 6:00 o'clock p.m. on May ____, 2021, with Todd E. Murphy, Chairman, presiding.

The following board members were present:

Todd E. Murphy, Chairman
Don L. Weiss, Jr., OD, Vice Chairman
R. Darrell James, PE, Secretary

Jon R. Armstrong, Commissioner
Paula Y. Eleazar, Commissioner

The following board members were absent:

None

There were also present:

Michael K. Adams, PE, Executive Director
Susan Tummins, Controller
Benjamin C. Regen, Bond Counsel and Issuer's Counsel

The following resolution was introduced by Commissioner _____ seconded by Commissioner _____ and, after due deliberation, was adopted by the following vote:

AYE: 5

NAY: 0

Resolution No. 2021-_____

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$23,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND WASTEWATER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2021 OF WATER AUTHORITY OF DICKSON COUNTY; 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 SYSTEM OF THE AUTHORITY; AND MAKING PROVISION FOR THE OPERATION OF SAID SYSTEM.

WHEREAS, Water Authority of Dickson County (Tennessee) (the “Authority”) is duly incorporated pursuant to Chapter 124 of the 1990 Private Acts of the State of Tennessee, as amended by Chapter 51 of the 2001 Private Acts of the State of Tennessee (collectively, the “Act”); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds and use the proceeds thereof to finance the acquisition of utility systems and the construction of improvements and extensions to its utilities systems and from time to time to refund the indebtedness of such bonds; and

WHEREAS, the Governing Body (as hereinafter defined) of the Authority has determined that it is necessary and advisable to issue not to exceed \$23,000,000 in aggregate principal amount of its Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021 (the “Bonds” or the “Series 2021 Bonds”) for the purpose of refunding and redeeming the entire remaining outstanding balance, principal and interest, the Refunded Obligations (as hereinafter defined), funding the acquisition, design, permitting, and construction of the Projects (as hereinafter defined), and financing the costs of issuance of the Bonds; and

WHEREAS, by covering correspondence dated May __, 2021, the Authority submitted to the Tennessee Comptroller of the Treasury (the “Comptroller”) a plan of refunding in respect of the Bonds in form and substance as required by Tenn. Code Ann. § 9-21-_____, and has received the report of the Comptroller or the Comptroller’s designee thereon dated May __, 2021, and a copy of the said report disseminated to the members of the Governing Body (as hereinafter defined) prior to the adoption of this resolution; and

WHEREAS, the Authority owns and operates the System (as hereinafter defined); and

WHEREAS, it is the intention of the Governing Body to adopt this resolution for the purpose of authorizing the Bonds for the purposes described above; establishing the terms of the Bonds; and providing for the issuance, sale and payment of the Bonds, the disposition of proceeds therefrom, the collection of revenues from the System, and the application thereof to the payment of principal of, premium, if any, and interest on the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Authority, as follows:

Section 1. Authority; Purpose; Findings; Parity.

(a) The Bonds authorized by this resolution are issued pursuant to the Act and other applicable provisions of law. The Governing Body hereby finds and determines that the issuance of the Bonds is necessary and advisable for the purpose of refunding and redeeming the entire remaining outstanding balance, principal and interest, the Refunded Obligations, funding the acquisition, design, permitting, and construction of the Projects, and financing the costs of issuance of the Bonds.

(b) The Authority hereby finds and determines, pursuant to Tenn. Code Ann. § 9-21-1001(b), that issuance of the Bonds will accomplish a cost savings to the public and will result in the removal or modification of one or more restrictive covenants.

(c) The Bonds shall constitute “Parity Bonds” under the Series 2018 Bond Resolution and the Series 2020 Bond Resolution (both as hereinafter defined).

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

“Acquired System” means any water procurement, treatment, storage, or distribution system acquired by the Authority pursuant to the Act and/or any sewer treatment and/or transmission facilities hereafter constructed, acquired, or otherwise established by the Authority pursuant to the Act.

“Act” means, collectively and severally, Chapter 124 of the 1990 Private Acts of the State of Tennessee, as amended by Chapter 51 of the 2001 Private Acts of the State of Tennessee, and to all amendments subsequently hereto enacted to either such statute.

“Authority” means Water Authority of Dickson County.

“Balloon Indebtedness” means any bonds, notes, or other indebtedness of the Authority, 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.

“Beneficial Owners” shall have the meaning set forth in Section 3(k) hereof.

“Bond Fund” means the Bond and Interest Sinking Fund described in Section 7(b) hereof.

“Bond Purchase Agreement” means the bond purchase agreement providing for the purchase and sale of the Bonds, by and between the Original Purchaser and the Authority, in the form as shall be necessary to properly describe the Bonds being purchased, approved by the Chairman and the General Manager, or either of them.

“Bonds” or “Series 2021 Bonds” means not to exceed \$23,000,000 in aggregate principal amount of Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021, dated the date of issuance, or such other series designation and dated date or dates as shall be determined by the Chairman and the General Manager, or either of them, pursuant to Section 13 hereof, authorized to be issued by this resolution.

“Book-Entry Form” or “Book-Entry System” means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as registered owner, with the certificate of bonds being held by and “immobilized” in the custody of such Depository, and under which records maintained by persons, other than the Authority or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial “book-entry” interests in those bonds.

“Capital Appreciation Bonds” means bonds which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.

“Chairman” means the duly elected and serving Chairman of the Governing Body, or any other member of the Governing Body acting in the capacity of Chairman when the elected and serving Chairman is unavailable or incapable of acting.

“Code” means the Internal Revenue Code of 1986 (as amended), 26 U.S.C. § 1 *et seq.*, and any lawful regulations promulgated or proposed thereunder.

“Compound Accreted Value” means the value at any applicable date of any Capital Appreciation Bonds computed as the original principal amount thereof for each maturity date plus an amount equal to interest on said principal amount (computed on the basis of a 360-day year of twelve 30-day months) compounded semiannually on such dates as shall be established by the resolution(s) authorizing Capital Appreciation Bonds, from the dated date to said applicable date at an interest rate which will produce at maturity the Maturity Amount for such maturity date.

“Consulting Engineer” means (i) an engineering firm or individual engineer employed by the Authority with substantial experience in advising utilities similar to the System operated by the Authority as to the construction and maintenance of the System and in the projection of relative costs of expansion of the System, or (ii) an engineer or engineers who are employees of the Authority whose reports or projections are certified by a Municipal Advisor.

“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 Authority 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.

“Current Expenses” means expenses incurred by the Authority in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary costs of operating,

maintaining, repairing, and insuring the System, the cost of producing potable water, salaries and wages, cost of materials and supplies, and insurance premiums, but shall exclude depreciation, amortization, and interest on any bonds, notes, or other obligations of the Authority.

“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 Authority or any paying agent for the Bonds or other obligations of the Authority), for any period of twelve consecutive calendar months for which such a determination is made, provided:

(i) 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 Authority, either (1) 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 (2) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Municipal Advisor;

(ii) The Debt Service Requirement with respect to any Hedged Obligations, the interest on such Hedged Obligations during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the Authority on such Hedged Obligations pursuant to their terms and (y) the amount of Hedge Payments payable by the Authority under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the Authority on the related Hedged Obligations shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (*i.e.*, which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the “Determination Period”) shall be computed by assuming that the variables comprising the calculation (*e.g.*, indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable 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); and,

(iii) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of the Authority, (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 Municipal Advisor to be the interest rate at which the Authority 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 shall not be applicable for purposes of determining the Authority's Debt Service Requirement for purposes of calculating the Reserve Fund Requirement for Section 9(d) of this resolution unless the Authority has a written commitment from a bank, underwriting firm or other financial institution with a Rating in one of two highest categories of at least one Rating Agency (ignoring any gradations within a Rating Category) to refinance at least 90% of the principal amount of such Balloon Indebtedness or Short-Term Indebtedness coming due in the relevant Fiscal Year.

“Depository” means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC.

“DTC” means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

“DTC Participant(s)” means securities brokers and dealers, banks, trust companies, and clearing corporations that have access to the DTC System.

“Executive Director” means the duly appointed Executive Director of the Authority, or any other employee of the Authority acting in the capacity of Executive Director when the appointed and serving Executive Director is unavailable or incapable of acting.

“Financial Guaranty Agreement” means any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.

“Fiscal Year” means the twelve-month period commencing July 1 of each year and ending June 30 of the following year.

“Governing Body” means the Board of Commissioners of the Authority.

“Gross Earnings” means all revenues, rentals, earnings, and income of the Authority from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System; proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements, and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, any prior bond resolution, and resolutions authorizing any Parity Bonds or subordinate lien bonds (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 Authority); provided, however, at the election of the Governing Body, the term “Gross Earnings” as used herein shall not include any revenues, rentals, earnings, or other income received by the Authority from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds.

“Hedge Agreement” means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the Authority determines is to be used, or is intended to be used, to manage or reduce the cost of any Bonds, to convert any element of any Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

“Hedged Obligations” means any Bonds for which the Authority shall have entered into a Hedge Agreement.

“Hedge Payments” means amounts payable by the Authority pursuant to any Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

“Hedge Period” means the period during which a Hedge Agreement is in effect.

“Hedge Receipts” means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

“Loan Agreement” means any agreement or contract entered into by the Authority whereby a third party agrees to advance funds to the Authority and the Authority agrees to repay those funds with interest.

“Maturity Amount” means the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

“Maximum Annual Debt Service Requirement” means the maximum annual Debt Service Requirement for any Fiscal Year of the Authority.

“Municipal Advisor” means Oakdale Municipal Advisors, LLC or other person who or which is retained by the Authority 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 Authority, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Municipal Advisor has been retained.

“Net Revenues” means 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.

“Original Purchaser” means the investment bank, commercial bank or other financial institution or group thereof selected by the Chairman and the Executive Director, or either of them, to be the initial purchaser of the Bonds.

“Parity Bonds” means, collectively, (i) “Parity Bonds” issued under Sections 6 and 11 of the Series 2018 Bond Resolution, (ii) “Parity Bonds” issued under Sections 6 and 11 of the Series 2020 Bond Resolution and (iii) bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness, and Variable Rate Indebtedness, issued or entered into by the Authority on a parity with the Bonds herein authorized in accordance with the restrictive provisions of Section 11 hereof, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such Acquired System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings.

“Project” or “Projects” shall refer to the acquisition, design, permitting, and/or construction of any one or more of the following capital improvement projects of the Authority: (i) replacement of the Bakers Work ground storage tank and associated pump station; (ii) replacement of the Authority’s Colesburg ground storage tank; (iii) construction of a regional sewer lift station to replace the Authority’s existing two East Piney Road sewer lift stations; (iv) construction of the Authority’s Highway 48 South Phase II water transmission extension and replacement project; (v) construction of a new laboratory and administration building to serve the Authority’s Jones Creek Wastewater Treatment Plant; and (vi) such other, further, and additional capital improvements to the System as the Governing Body shall deem necessary or expedient under the circumstances. “Project” shall also include any reimbursement to the Authority, pursuant to Section 12(d) below or otherwise pursuant to Section 150 of the Code, from any of the Bonds’ proceeds, of any amounts expended in respect of any Project prior to issuance of the Bonds.

“Project Fund” means one or more segregated fund(s) to be established by the Authority, and into which all of the Bonds’ proceeds received, less the proceeds applied to refunding of the Refunded Obligations, and net of expenses of issuance, shall be deposited for expenditure for the purposes described in Section 1 above.

“Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“Rating Agencies” or “Rating Agency” means Fitch, Inc., Moody’s Investors Service, Inc., and Standard & Poor’s Global Ratings, or any successors thereto and any other nationally recognized credit rating agency.

“Refunded Obligations” shall mean, collectively and severally, all principal, accrued interest, and other sums due and payable in respect of the following loans from the State of Tennessee Wastewater Revolving Fund or Drinking Water Revolving Fund, as the case may be: (i) Loan #2017-385; (ii) SRF Loan #2017-384; (iii) SRF Loan #2012-295; and, (iv) SRF Loan #2009-247, and all principal, accrued interest, and other sums due and payable in respect of the following loans from Bank of Dickson: (x) Loan #801303403, and (y) Loan #801303395.

“Regulations” means those regulations promulgated by the Secretary of the Treasury under and pursuant to the Code.

“Registration Agent” means the registration and paying agent for the Bonds appointed by the Chairman and the Executive Director, or either of them, pursuant to Section 3 hereof, or any successor thereto designated by the Governing Body.

“Reserve Fund” means the Debt Service Reserve Fund established pursuant to Section 7(d) hereof, if and to the extent such is required by the Original Purchaser.

“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 Bond Fund to pay when due principal of and interest on all or a portion of the Bonds.

“Reserve Fund Credit Facility Issuer” means the issuer of a Reserve Fund Credit Facility rated in the highest rating category by each Rating Agency that rates such Reserve Fund Credit Facility Issuer.

“Reserve Fund Requirement” means the amount determined by the Chairman and the Executive Director, or either of them, pursuant to Section 7(d) hereof, but not greater than the least of (a) 10% of the stated principal amount of the Bonds; (b) the Maximum Annual Debt Service Requirement on the Bonds during the term of the Bonds; or (c) 110% of the average annual principal and interest requirement, when due, on a Fiscal Year basis, including principal payable by reason of the mandatory redemption provisions of any Bonds, on the Bonds during the term thereof; provided, however, with respect to Variable Rate Indebtedness, it shall be assumed that such Variable Rate Indebtedness bears interest through maturity at that rate which such Variable Rate Indebtedness would have borne had such Variable Rate Indebtedness borne a fixed, constant rate of interest, as certified by the original purchaser of such Variable Rate Debt as of the date of issuance thereof.

“Revenue Fund” shall have the meaning set forth in Section 7 hereof.

“Secretary” means the duly elected and serving secretary of the Governing Body, or any other member of the Governing Body acting in the capacity of Secretary when the elected and serving Secretary is unavailable or incapable of acting.

“Series 2018 Bonds” means the Authority’s \$7,510,000 Water and Wastewater Revenue Improvement Bonds, Series 2018, currently outstanding in the principal amount of \$6,935,000.

“Series 2018 Bond Resolution” means the resolution of the Authority adopted on August 13, 2018, authorizing and approving the issuance of the bonds thereafter issued as the Series 2018 Bonds.

“Series 2020 Bonds” means the Authority’s \$15,610,000 Water and Wastewater Revenue Improvement Bonds, Series 2020, currently outstanding in the principal amount of \$14,270,000.

“Series 2020 Bond Resolution” means the resolution of the Authority adopted on January 13, 2020, authorizing and approving the issuance of the bonds thereafter issued as the Series 2020 Bonds.

“Short-Term Indebtedness” means bonds, notes, Loan Agreements, or other debt obligations, including Variable Rate Indebtedness, maturing five years or less from their respective date of issuance, and issued by the Authority as Parity Bonds in accordance with the restrictive provisions of Section 11 hereof, or, if applicable, Sections 6 and 11 of the Series 2018 Bond Resolution or Sections 6 and 11 of the Series 2020 Bond Resolution.

“State” means the State of Tennessee;

“System” means the complete water procurement, treatment, storage, and distribution system of the Authority, together with the complete wastewater collection, transmission, treatment, and disposal system of the Authority, together with and including all properties (and interests in properties) of every nature hereafter owned or held by the Authority, including all improvements and extensions made by the Authority 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 easements, appurtenances, fixtures, equipment, contracts, leases, franchises, and other intangibles; *provided*, however, at the election of the Governing Body, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Governing Body, not become a part of the System but be operated as a separate and independent system by the Governing Body with the continuing right, upon the election of the Governing Body, to incorporate such separately Acquired System within the System.

“Termination Payments” means an amount payable by or to the Authority upon termination of a Hedge Agreement.

“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(s) authorizing such Parity Bonds; provided, however, that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

Section 3. Authorization and Terms of the Bonds.

(a) For the refunding and redeeming the entire remaining outstanding balance, principal and interest, of all Refunded Obligations, financing the acquisition, design, permitting, and construction of the Projects,

and financing the costs of issuance of the Bonds, all as more fully set forth in Section 13 hereof, there are hereby authorized to be issued revenue refunding and improvement bonds of the Authority in an aggregate principal amount not to exceed \$23,000,000. The Bonds shall be issued in fully registered form, without coupons, shall be known as "Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021," and shall be dated the date of issuance thereof, or bear such other series designation or designations or dated date or dates designated by the Chairman and the Executive Director, or either of them, pursuant to the terms of Section 12 hereof. The Bonds shall bear interest payable semi-annually on June 1 and December 1 of each year the Bonds are outstanding, commencing December 1, 2021, with the interest rate for each maturity not to exceed the lesser of 5.00 percent per annum or the maximum rate permitted by law. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof as shall be requested by the Original Purchaser. The Bonds shall mature, subject to prior redemption as hereinafter provided, either serially or through mandatory or optional redemption as described herein, commencing on December 1, 2021, and continuing on the first day of December of each year thereafter through and including December 1, 2041, the final maturity date (subject to adjustment as provided in Section 12 hereof), in such amounts as shall be established by the Chairman and the Executive Director, or either of them, and set forth in the Bond Purchase Agreement, taking into account the cash flow and operational needs of the Authority.

(b) Subject to the provisions of Section 12 below, Bonds maturing on or before December 1, 2027, shall not be subject to optional redemption prior to maturity. Subject to the provisions of Section 12 below, Bonds maturing on or after December 1, 2028, shall be subject to redemption prior to maturity at the option of the Authority on or after December 1, 2027, as a whole or in part at any time at the price of 100% of par plus interest accrued to the redemption date. If fewer than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If fewer than all of the Bonds within a single maturity shall be called for redemption, the Bonds within the maturity to be redeemed shall be selected as follows:

(i) If the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) If the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 12 hereof, the Chairman and the Executive Director, or either of them, are authorized to sell the Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Chairman and the Executive Director, or either of them. In the event any or all the Bonds are sold as term bonds, the Authority shall redeem term bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts set forth herein for each redemption date, as such maturity amounts may be adjusted pursuant to Section 12 hereof, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be so redeemed shall be selected in the manner described in subsection (b) above.

(d) At its option, to be exercised on or before the 45th day next preceding any such mandatory redemption date, the Authority may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Authority on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Authority shall on or before the 45th day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(e) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Authority not less than thirty (30) days nor more than sixty (60) days prior to the

date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Authority nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Authority pursuant to written instructions from an authorized representative of the Authority (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein and in the Bond Purchase Agreement) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

(f) The Authority hereby authorizes the Chairman and the Executive Director, or either of them, to appoint the Registration Agent and hereby authorizes and directs the Registration Agent so appointed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy 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 Bonds canceled and destroyed, and to furnish the Authority at least annually an audit confirmation of Bonds paid, Bonds outstanding, and payments made with respect to interest on the Bonds. The Chairman and the Executive Director, or either of them, are hereby authorized to execute, and the Secretary is hereby authorized to attest, such written agreement between the Authority and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties, and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(g) The 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 Bonds by check or draft on each interest payment date directly to the registered owners as shown on the 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 Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Authority in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such 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 thirty (30) days each.

(h) Any interest on any 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 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 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 Special Record 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 Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the 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 Bonds when due.

(i) The 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 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 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Authority to call such 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 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 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 Bonds shall be overdue. The 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 Bonds of the same maturity in any authorized denomination or denominations.

(j) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Authority with the manual or facsimile signature of the Chairman, and attested by the manual or facsimile signature of the Secretary.

(k) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners". The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation relating to the Authority (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Authority and the Registration Agent shall not be

responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising, or reviewing records maintained by DTC or DTC Participants.

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) the Authority determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Authority shall discontinue the Book-Entry System with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

THE AUTHORITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR, (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS REGISTERED OWNER.

(l) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy, or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

(m) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the Original Purchaser, upon receipt by the Authority of the proceeds of the sale thereof, and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The 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 Bond form.

(n) In case any 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 Bond of like tenor, amount, maturity, and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen, or destroyed Bond, or if any such Bond shall have matured or shall be about to mature, instead of issuing a substituted Bond the Authority may pay or authorize payment of such 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 Bond, and indemnity satisfactory to the Authority and the Registration Agent, and the Authority may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Authority for the expense incurred by it in the issue thereof.

Section 4. Source of Payment. The Bonds shall be payable solely from and secured by a pledge of the Net Revenues. The punctual payment of principal of and premium, if any, and interest on the outstanding Series 2018 Bonds, the Series 2020 Bonds, the Series 2021 Bonds, and any Parity Bonds, as applicable, shall be secured equally and ratably by the Net Revenues without priority by reason of series, number, or time of sale or delivery. The 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 Bonds shall have recourse to the taxing power of any such entities.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form, subject to the provisions of Section 12 below, the omissions to be appropriately completed when the Bonds are prepared and delivered:

(Form of Bond)

REGISTERED

REGISTERED

Number _____

\$ _____

UNITED STATES OF AMERICA

STATE OF TENNESSEE

WATER AUTHORITY OF DICKSON COUNTY
WATER AND WASTEWATER REVENUE REFUNDING

AND IMPROVEMENT BONDS, SERIES 2021

Interest Rate:	Maturity Date:	Date of Bond:	CUSIP No:
_____ %	_____, ____	_____, ____	_____

Registered Owner: Cede & Co.

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That Water Authority of Dickson County (Tennessee) (the "Authority"), a water and wastewater treatment authority lawfully organized and existing under Chapter 124 of the 1990 Private Acts of the State of Tennessee, as amended by Chapter 51 of the 2001 Private Acts of the State of Tennessee (collectively, the "Act"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date, said interest being payable on December 1, 2021, and semi-annually thereafter on the first day of June and December in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the principal corporate trust office of _____, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date to the registered owner hereof shown on the 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 check or draft mailed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Authority to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date 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 payable to the persons in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten days prior to such Special Record Date. Payment of principal of and premium, if any, on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution (as hereinafter defined), this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants (as defined in the Resolution), pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Authority and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only registered owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial

Owners (as defined in the Resolution). Neither the Authority nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Authority determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Authority may discontinue the book-entry system with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the Authority nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners; (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as registered owner.

This Bond is one of a total authorized issue aggregating \$23,000,000 and issued by the Authority pursuant to a resolution duly adopted by the Governing Body of the Authority on May __, 2021 (the "Bond Resolution"), for the purpose of providing funds to refund and redeem the entire remaining outstanding balance, principal and interest, of all remaining outstanding Refunded Obligations (as defined in the Bond Resolution), financing the acquisition, design, permitting, and construction of the Projects (as defined in the Bond Resolution), and financing the costs of issuance of the Bonds. This Bond constitutes a "Parity Bond" under the Series 2018 Bond Resolution and the Series 2020 Bond Resolution (as defined in the Bond Resolution).

This Bond is payable solely from and secured by a pledge of revenues to be derived from the operation of the System (as defined in the Bond Resolution), subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System. As provided in the Bond Resolution, the punctual payment of principal of and interest on the series of the Bonds of which this Bond is one, and any other bonds hereafter issued on a parity therewith, shall be secured equally and ratably by said revenues without priority by reason of series, number, or time of sale or delivery. Said 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 the System, including reserves therefor, and to pay principal of and interest on this Bond and the issue of which it is a part promptly as each becomes due and payable. The Authority has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part as each becomes due. This Bond and the interest hereon are payable solely from the revenues so pledged to the payment hereof, and this Bond does not constitute a debt of the Authority within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Bond Resolution.

The Bonds of the issue of which this Bond is one maturing on or before December 1, 20__, shall not be subject to optional redemption prior to maturity, and the Bonds of the issue of which this Bond is one maturing on or after December 1, 20__, shall be subject to redemption prior to maturity at the option of the Authority on or after December 1, 20__, as a whole or in part at any time at the price of 100% of par plus interest accrued to the redemption date. If fewer than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Governing Body of the Authority, in its discretion. If fewer than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(1) If the Bonds are being held under a Book-Entry System (as defined in the Bond Resolution) by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(2) If the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

[The Bonds maturing on December 1, 20____, are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest thereon, on the dates and in the amounts set forth below. DTC, as securities depository for the series of Bonds of which this Bond is one, or such other Depository (as defined in the Resolution) as shall then be serving as the securities depository for the Bonds, shall determine the interest of each participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository, is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
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*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Authority may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Authority on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced.]

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any such defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Authority nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth above, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is 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 Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration

Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Authority to call such Bond for redemption.

This Bond and the income therefrom are exempt from all present state, county, and municipal taxes in Tennessee except (a) inheritance, transfer, and estate taxes, if any such tax is then imposed by the State of Tennessee, (b) 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 sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

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

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by its Chairman with his or her manual signature and attested by its Secretary with his or her manual signature under an impression of the corporate seal of the Authority, all as of the date hereinabove set forth.

WATER AUTHORITY OF DICKSON COUNTY

By: _____

Chairman of the Board of Commissioners

ATTESTED:

Secretary of the Board
of Commissioners

Transferable and Payable at: _____

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Bond Resolution hereinabove described.

_____,
Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of Water Authority of Dickson County, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

Notice: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without enlargement or alteration, or any change whatsoever.

Signature guaranteed:

Notice: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

[End of Bond Form]

Section 6. Equality of Lien: Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series 2018 Bonds, the Series 2020 Bonds, the Series 2021 Bonds, and any Parity Bonds, as applicable, shall be secured equally and ratably by the Net Revenues, without priority by reason of number or time of sale or execution or delivery and, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Section 7. Application of Revenues. From and after the delivery of any of the 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 Series 2021 Bonds, the Gross Earnings of the System as collected by the Authority shall be deposited in either (i) the "Revenue Fund" established by the Series 2018 Bond Resolution if any of the Series 2018 Bonds remain outstanding, (ii) the "Revenue Fund" established by the Series 2020 Bond Resolution if any of the Series 2020 Bonds remain outstanding, or (iii) the "Revenue Fund" hereby established if all of the outstanding Series 2018 Bonds and Series 2020 Bonds have been paid or discharged in the manner set forth in Section 14 of the Series 2018 Bond Resolution and/or the Series 2020 Bond Resolution (such applicable fund being referred to herein as the "Revenue Fund"), which Revenue Fund shall be administered and controlled by the Authority. The funds so deposited in the Revenue Fund shall be used only as follows:

- (a) The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.
- (b) The money thereafter remaining in the Revenue Fund shall next be used to make deposits into either (i) the "Revenue Fund" established by the Series 2018 Bond Resolution if any of the Series 2018 Bonds remain outstanding, (ii) the "Revenue Fund" established by the Series 2020 Bond Resolution if any of the Series 2020 Bonds remain outstanding, or (iii) a separate and special fund established hereby, to be known as the "Bond and Interest Sinking Fund," if all of the outstanding Series 2018 Bonds and Series 2020 Bonds have been paid or discharged in the manner set forth in the Series 2018 Bond Resolution and the Series 2020 Bond Resolution (such

applicable fund being referred to herein as the “Bond Fund”), such Bond Fund to be kept separate and apart from all other funds of the Authority and used to pay principal of and interest on the Series 2018 Bonds outstanding, the Series 2020 Bonds, the Bonds, and the Parity Bonds, if any, as the same become due, either by maturity or mandatory redemption. Such deposits as to the Series 2018 Bonds, if applicable, shall be made as provided in the Series 2018 Bond Resolution; such deposits as to the Series 2020 Bonds, if applicable, shall be made as provided in the Series 2020 Bond Resolution; such deposits as to each series of Parity Bonds, if applicable, shall be made as provided in the bond resolution(s) authorizing the issuance of such Parity Bonds; and, such deposits as to the Bonds shall be made as hereinafter provided. Such deposits shall be made monthly until the Series 2018 Bonds, the Series 2020 Bonds, the Bonds, and each series of Parity Bonds, as applicable, are paid in full or discharged and satisfied pursuant to Section 14 of the Series 2018 Bond Resolution, Section 14 of the Series 2020 Bond Resolution, or Section 14 hereof or the applicable provisions of the bond resolution(s) for the Parity Bonds, as applicable. Such deposits, as to the Bonds, shall begin in the month next following delivery of the Bonds. For the period commencing with the month next following the delivery of any Bonds, to and including the month of the next interest payment date for such Bonds, each monthly deposit as to interest shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in the Bond Fund, will be equal to interest due on such Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Bonds shall be an equal to not less than one-sixth (1/6th) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts. For the period commencing with the month next following the delivery of any Bonds to and including the month of the next principal payment for such Bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such Bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such Bonds, monthly deposits to the Bond Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12th) of the principal amount or Maturity Amount, as the case may be, 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. Each deposit as to interest may take into account expected Hedge Payments and Hedge Receipts related to such interest payments. No further deposit shall be required as to any Bonds when the Bond Fund balance with respect to the Bonds is equal to or greater than the amount needed to pay interest on the next interest payment date, the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period, and any related Hedge Payments (and taking into account expected Hedge Receipts). Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution(s) 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 Authority as provided in the resolution(s) authorizing the issuance of such Bonds. Money in the Bond Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the Series 2018 Bonds outstanding, the Series 2020 Bonds outstanding, the Bonds, and each series of Parity Bonds, as applicable, and making any Hedge Payments.

(c) 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.

(d) To the extent the Reserve Fund Requirement, if any, for the Bonds is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Authority, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into a separate and special fund, to be known and designated as the “Debt Service Reserve Fund” (the “Reserve Fund”) to be kept separate and apart from all other funds of the Authority. 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 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 1/60th of the difference between the Reserve Fund Requirement and the amount in 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 said Fund shall

be replenished over a period of not greater than sixty (60) 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 Bond Fund, commencing the first month in which the amount in the Reserve 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, to be transferred into the Bond 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 Bond Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Authority for legally permissible purposes.

At the option of the Authority, the Authority may satisfy the Reserve Fund Requirement, or a portion thereof, by providing for the benefit of owners of the Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to the Bonds, and upon provision thereof release an equal amount of funds on deposit in the Reserve Fund to be used by the Authority for legally permissible purposes. In the event any Reserve Fund Credit Facility Issuer, or any successor thereto, shall cease to have a rating required for a Reserve Fund Credit Facility Issuer or any Reserve Fund Credit Facility becomes unenforceable for any reason, within ninety (90) days from the date the Authority receives notice of either of said events, the Authority shall either substitute a new Reserve Fund Credit Facility or Facilities or commence funding the Reserve Fund from Net Revenues as required by the preceding paragraph hereof, or a combination thereof. At any time during the term hereof, the Authority 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 the Reserve Fund Requirement is increased or a Reserve Fund Requirement is established (if there is no Reserve Fund Requirement for the Bonds) in connection with the issuance of Parity Bonds pursuant to the restrictive provisions of Section 11 hereof that are payable from funds in the Reserve Fund or in the event of the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Authority shall satisfy the 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 Reserve Fund Requirement for the Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect. The Chairman and Executive Director, or either of them, are authorized to act for the Authority in determining whether to provide the Reserve Fund Credit Facility for the Bonds.

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 Authority, 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 Authority, from Gross Earnings after payment of Current Expenses and payment of required deposits to the Bond Fund as specified in this resolution and, if applicable, the Series 2018 Bond Resolution, the Series 2020 Bond Resolution, and each bond resolution authorizing the issuance of Parity Bonds, 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, if any, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of Section 14 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 Authority 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.

It shall be the responsibility of the Registration Agent 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.

The Chairman and Executive Director, or either of them, are hereby authorized and directed to either (i) cause to be deposited to the Reserve Fund Bond proceeds or other funds of the Authority in an amount sufficient to cause the amount being held in the Reserve Fund created pursuant to this Section 7(d) to be equal to the Reserve Fund Requirement, if any, for the Bonds or (ii) purchase a Reserve Fund Credit Facility in the amount of the Reserve Fund Requirement for the Bonds and to pay the premium therefor from Bond proceeds. In the event the Chairman and the Executive Director, or either of them, elect to fund the Reserve Fund with a Reserve Fund Credit Facility, he or she is authorized to execute and the Secretary is authorized to attest a Financial Guaranty Agreement as required by the Reserve Fund Credit Facility Issuer.

(e) Termination Payments received in connection with a Hedge Agreement shall be deposited to the Revenue Fund, and Termination Payments required of the Authority in connection with a Hedge Agreement shall be paid as a subordinate lien obligation pursuant to subsection (f) hereof.

(f) 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 bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the Authority for any legally permissible purpose, as the Governing Body shall determine.

(g) Money on deposit in the funds described in this section may be invested by the Authority in such investments as shall be permitted by applicable law, as determined by an authorized representative of the Authority, 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 Authority is authorized to enter into contracts with third parties for the investment of funds in any of the funds described herein.

(h) The Revenue Fund, the Bond 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 Authority 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.

Section 8. Charges for Services Supplied by the System. While the Bonds remain outstanding and unpaid, the Authority covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever; that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing, and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of this resolution.

The Authority covenants that the System will be operated on a fully metered basis and that the Authority will bill customers of the System on a monthly basis and, to the extent permitted by applicable law or regulation, will discontinue service to any customer whose bill remains unpaid sixty (60) days following the mailing of such bill, until such bill, service charges, and penalties shall have been paid in full.

Section 9. Covenants Regarding the Operation of the System; Rate Covenant. The Authority hereby covenants and agrees with the owners of the Bonds so long as any of the Bonds shall remain outstanding:

(a) The Authority 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) The Authority 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 Authority shall not be required to insure beyond the limits of immunity provided by the Tennessee Governmental Tort Liability Act, Sections 29-20-101 *et seq.* of 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.

(c) The Authority 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 Authority as certified by such accountant or accountants. Each report of such audit, in addition to whatever matters may be thought proper to be included therein by the accountant or accountants preparing the same, shall include the following:

- (i) A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;
- (ii) A statement showing beginning and ending balances of each Fund described herein;
- (iii) A balance sheet as of the end of the Fiscal Year;
- (iv) The accountant's comments regarding the manner in which the Authority 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;
- (v) 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;
- (vi) The number and classifications of customer service connections to the System as of the end of the Fiscal Year;
- (vii) The disposition of any Bond proceeds during the Fiscal Year; and,
- (viii) A statement as to all breaches or defaults hereunder by the Authority 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.

(d) All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The Authority 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 one hundred eighty (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 Authority relating thereto, to the extent such disclosure is not affirmatively prohibited by applicable law. If the Authority 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 Authority.

(e) The Authority 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 as above provided, and will apply the revenues of the System to the purposes and Funds specified in this resolution and, if applicable, the Series 2018 Bond Resolution, the Series 2020 Bond Resolution, and each bond resolution authorizing the issuance of Parity Bonds.

(f) The Authority 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:

- (i) for 110% 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 Authority; and
- (ii) such that Net Revenues in each Fiscal Year:
 - (A) equal at least 110% of the Debt Service Requirement on all Bonds, and 110% of the Debt Service Requirement on all other bonds or other obligations then outstanding for such Fiscal Year;

(B) will enable the Authority to make all required payments, if any, into the Reserve Fund and on any Credit Facility or Hedge Agreement;

(C) will enable the Authority to accumulate an amount, which, in the judgment of the Authority, 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;

(D) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this resolution from prior Fiscal Years; and,

(E) will permit the Authority to comply with the terms of any agreement that the Authority has entered into to purchase or sell water;

(g) The Authority 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:

(i) The Authority 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;

(ii) Any sale proceeds will be applied either (A) to redemption of the bonds, notes, and other obligations then outstanding and payable from the revenues of the System in accordance with the provisions governing repayment of such bonds, notes, and other obligations then outstanding and payable from the revenues of the System in advance of maturity, or (B) to the purchase of such bonds, notes, and other obligations then outstanding and payable from the revenues of the System at the market price thereof so long as such price does not exceed the amount at which such bonds, notes, and other obligations then outstanding and payable from the revenues of the System could be redeemed on such date or the next optional redemption date as set forth herein or in the resolution(s) authorizing such bonds, notes, and other obligations then outstanding and payable from the revenues of the System, 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;

(iii) 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,

(iv) The Authority 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 such bonds, notes, and other obligations then outstanding and payable from the revenues of the System intended to be excludable from gross income for federal income tax purposes.

(h) Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

(i) 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, expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in subsection (d) 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 any registered owner of a Bond upon written request. The Authority covenants that Current Expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that the Authority 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.

(j) All officers or employees of the Authority or persons other than banks or other financial institutions having custody of funds of the Authority shall be under fidelity bond at all times in reasonable and customary amounts.

(k) The Authority 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 Authority 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*, however, that 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 Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

(l) For the purpose of assuring the efficient, impartial, and non-political operation of the System for the benefit of the Authority and the owners of the Bonds from time to time outstanding, the complete and independent control and operation of the System shall continue to be vested in the Governing Body, subject, however, to the obligation and duty on the part of the Governing Body to carry out and perform faithfully all of the covenants and agreements contained herein. It is agreed with the owners from time to time of the Bonds and made a part of the contract rights which will vest in such owners at the time of delivery of the Bonds that the System will be so operated by the Governing Body.

(m) The Authority shall not enter into a Hedge Agreement with any entity, other than an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed or insured or collateralized by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the second highest Rating category of at least two Rating Agencies (ignoring any gradations within a Rating category). For purposes of this section, a potential hedge provider's qualification with the requirements of the preceding sentence shall be determined only at the time the Authority enters into a Hedge Agreement with such entity and will not be redetermined with respect to that Hedge Agreement.

Section 10. 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 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 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 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.

Section 11. Parity Bonds. The Authority 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 Bonds. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on parity with the Bonds under the following conditions but not otherwise:

(a) Additional bonds, notes, Loan Agreements, or obligations may be issued on a parity with the Bonds and other Parity Bonds issued hereunder without regard to the requirements of subsection (c) of this Section, if such bonds, notes, Loan Agreements, or obligations shall be issued for the purpose of refunding any of the Bonds or other Parity Bonds issued hereunder which shall have matured or become subject to mandatory redemption, or which shall mature or shall become subject to mandatory redemption not later than three (3) months after the date of delivery of such refunding bonds, notes, Loan Agreements, or obligations and for the payment of which insufficient money is available in the Bond Fund.

(b) Additional bonds, notes, Loan Agreements, or obligations may be issued on a parity with the Bonds and other Parity Bonds issued hereunder without regard to the requirements of subsection (c) of this Section, if such bonds, notes, Loan Agreements, or obligations shall be issued for the purpose of refunding any outstanding Bonds or other Parity Bonds issued hereunder under circumstances not resulting in the defeasance of all of the Bonds

and other Parity Bonds issued hereunder pursuant to Section 14 hereof, provided the Maximum Annual Principal and Interest Requirement computed with respect to the Bonds and all Parity Bonds issued under this Section 11 to be outstanding as of the date of issuance of such additional bonds, notes, Loan Agreements, or obligations (and after giving effect to the application of the proceeds thereof) shall not be greater than 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the Bonds and Parity Bonds issued under this Section 11 outstanding as of the date immediately preceding the issuance of such additional bonds, notes, Loan Agreements, or obligations.

(c) For the purpose of refunding any outstanding Bonds or Parity Bonds issued under this Section 11, under circumstances not resulting in the defeasance of all of the Bonds and Parity Bonds issued under this Section 11 pursuant to Section 14 hereof, and/or extending, improving, or replacing the System, and/or acquiring an Acquired System or any additional System improvements, if all of the following conditions shall have been met:

(i) Either:

(A) The Net Revenues of the System for twelve consecutive months of the twenty-four months next preceding the issuance of the proposed additional bonds must have been equal to at least 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the bonds, notes, Loan Agreements, or obligations proposed to be issued and all Bonds and Parity Bonds issued under this Section 11 other than the Bonds or Parity Bonds issued under this Section 11 intended to be refunded by the proposed additional bonds, notes, Loan Agreements, or obligations, plus the amounts payable to the Reserve Fund pursuant to the requirements hereof and amounts payable under any Financial Guaranty Agreement and in connection with any Reserve Fund Credit Facility; or

(B) The Net Revenues of the System for twelve consecutive months of the twenty-four months following the issuance of the proposed additional bonds must be equal at least to 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the bonds, notes, Loan Agreements, or obligations proposed to be issued and all Bonds and Parity Bonds issued under this Section 11 other than Bonds or Parity Bonds issued under this Section 11 intended to be refunded by the proposed bonds, notes, Loan Agreements, or obligations, plus the amounts payable to the Reserve Fund pursuant to the requirements hereof and amounts payable under any Financial Guaranty Agreement and in connection with any Reserve Fund Credit Facility; *provided*, further, that if prior to the issuance of such additional bonds, notes, Loan Agreements, or obligations the Authority shall have adopted a revised schedule of rates for the System and resolved to put such rate schedule in effect at or prior to the issuance of the additional bonds, notes, Loan Agreements, or obligations, then the Net Revenues for such twelve consecutive month period, as certified by an independent engineer or engineering firm or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of waterworks systems, that would have resulted from such rates had they been in effect for such period, may be used in lieu of the actual Net Revenues for such twelve consecutive month period; and the Net Revenues for each of the next three (3) Fiscal Years ending after the issuance of the additional bonds, notes, Loan Agreements, or obligations, as estimated by the Authority's Municipal Advisor or an independent engineer or engineering firm or a nationally recognized firm of financial feasibility consultants, having a favorable reputation for skill and experience in the financial feasibility of waterworks systems, must be equal to at least 1.10 times the Maximum Annual Principal and Interest Requirement computed with respect to the additional bonds, notes, Loan Agreements, or obligations proposed to be issued and all Bonds and Parity Bonds issued under this Section 11 other than Bonds or Parity Bonds issued under this Section 11 intended to be refunded by the proposed additional bonds, notes, Loan Agreements, or obligations; *provided*, however, that if the proposed additional bonds, notes, Loan Agreements, or obligations are to be issued for the acquisition or construction of any extension, improvement, or replacement to the System or the acquisition of an Acquired System, then the estimate of Net Revenues may be for the next three (3) Fiscal Years ending after the time that such improvement, extension, or replacement is expected to be placed in service and the period of construction thereof, subject to reduction in debt service during the period of construction in an amount equal to any capitalized interest funded from proceeds of the additional bonds.

(ii) The payments required to be made into the Bond Fund and the Reserve Fund must be current and all payments under any Financial Guaranty Agreement or with respect to a Reserve Fund Credit Facility must be current; and,

(iii) The proceeds of the additional bonds, notes, Loan Agreements, or obligations may be used only to (1) make improvements, extensions, renewals, or replacements to the System or to refund Bonds,

Parity Bonds issued under this Section 11, or subordinate lien obligations, (2) fund necessary reserves related thereto, (3) fund capitalized interest related to the additional bonds, notes, Loan Agreements, or other obligations and (4) pay the costs and expenses of issuance and sale of the additional bonds.

(d) All the provisions and covenants of this resolution relating to negotiability and registration of Bonds and Parity Bonds issued under this Section 11, creation and investment of funds, the application of revenues, the operation of the System, charges for services of the System, the remedies of owners of the Bonds and Parity Bonds issued under this Section 11, the issuance of additional bonds, modification of this resolution, the defeasance of Bonds and Parity Bonds issued under this Section 11, 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.

Section 12. Sale of the Bonds.

(a) The Bonds may be sold at either competitive or negotiated sale such as is authorized by the Act, as determined by the Chairman and the Executive Director, or either of them, in consultation with the Original Purchaser and Municipal Advisor, based on market conditions and other factors deemed relevant at the time, in one or more series, at a price of not less than ninety-seven percent (97%) of par, plus accrued interest, as a whole or in part, from time to time, as shall be determined by the Chairman and the Executive Director, or either of them, in consultation with the Original Purchaser and Municipal Advisor. Notwithstanding the foregoing (i) particular Bonds may be sold at a price below that herein specified, as long as the total price paid for the Bonds by the Original Purchaser shall be not less than ninety-seven percent (97%) of the par value of the entire issue of Bonds and accrued interest, and (ii) if any part of the Bonds are to be sold at a zero (0) rate of interest or at an original issue discount, such Bonds may be sold at not less than ninety-seven percent (97%) of the original reoffering price of such discount Bonds and accrued interest.

(i) If the Bonds are to be sold at a public, competitive sale, the following provisions shall apply: The Chairman and the Executive Director, or either of them, are hereby authorized to publish a Summary Notice of Sale of the Bonds and to distribute to purchasers of and investors in the Bonds an Official Notice of Sale of the Bonds. The forms of Summary Notice of Sale and Official Notice of Sale as published and distributed shall be in such form as shall be approved by the Chairman and the Executive Director, or either of them, upon the advice of counsel (including the Authority's counsel and Bond Counsel) and the Municipal Advisor, which approval shall be conclusively evidenced by their publication and distribution, as applicable.

(ii) If the Bonds are to be sold at a negotiated sale, the following provisions shall apply: The Chairman and the Executive Director, or either of them, are hereby authorized to negotiate with one or more underwriters to be designated as Original Purchaser(s) for the Bonds, with respect to the purchase and sale of the Bonds. The Chairman and the Executive Director, or either of them, are hereby authorized and directed to execute and deliver to the underwriter(s) a Bond Purchase Agreement, having such terms as shall be determined by the Chairman and the Executive Director, or either of them, in accordance with the terms of this resolution, together with such changes as shall be approved by the Chairman and the Executive Director, or either of them, upon the advice of counsel (including the Authority's counsel and Bond Counsel) and the Municipal Advisor, such approval to be conclusively evidenced by the execution thereof.

(b) If the Bonds are sold in more than one series, the Chairman and the Executive Director, or either of them, are authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown herein for each series, and to make corresponding adjustments to the maturity schedule of each series designated herein, so long as the total aggregate principal amount of all series issued does not exceed the maximum aggregate amount of Bonds authorized to be issued herein.

(c) The Chairman and the Executive Director, or either of them, in consultation with the Municipal Advisor, are further authorized to:

(i) change the dated date or dates of the Bonds or any series thereof to a date other than their date of issuance;

(ii) change the designation of the Bonds, or any series thereof, to a designation other than "Series 2021 Bonds" or "Bonds";

(iii) change the first interest payment date on the Bonds or any series thereof to a date other than December 1, 2021, provided that such date is not later than twelve months from the dated date of the Bonds;

(iv) adjust the principal and interest payment dates and maturity dates and amounts of the Bonds or any series thereof and to sell less than the full par amount of the Bonds herein authorized, provided that (A) the total principal amount of all series of the Bonds does not exceed the maximum aggregate amount of Bonds authorized herein, (B) the first maturity date of the Bonds or any series thereof is a date not earlier than December 1, 2021, and (C) the final maturity date of each series shall not exceed twenty (20) years plus increment from the dated date of each such series to first (1st) interest payment date;

(v) change the Authority's optional or mandatory redemption provisions of the Bonds, subject to the following:

(A) the premium amount to be paid on Bonds or any series thereof in connection with exercise of any optional right of redemption shall not exceed one hundred ten percent (110%) of the principal amount thereof; and

(B) the Bonds shall be subject to optional redemption prior to maturity beginning no later than with Bonds maturing on December 1, 2028;

(vi) issue all notices and calls for redemption in respect of such of the Refunded Obligations as shall be refunded in connection with the Bonds' issuance, and otherwise take any other action necessary or expedient to comply with the terms, covenants, and conditions of such Refunded Obligations and the redemption or other payment thereof;

(vii) cause to be refunded fewer than all of the Refunded Obligations based upon market conditions and other factors deemed relevant at the time of sale;

(viii) sell the Bonds, or any series thereof, or any maturities thereof as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the Chairman and the Executive Director, or either of them, as shall be deemed most advantageous to the Authority;

(ix) cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the Authority and to enter into agreements with such insurance company with respect to any Bonds to the extent not inconsistent with this resolution; and

(x) determine the Reserve Fund Requirement for the Bonds, if any.

(d) The Chairman and the Executive Director, or either of them, are authorized to adopt such statements of "official intent," as that expression is defined by Regulations § 1.150-2, in such form as they or either of them shall deem expedient, such that any of the Bonds may be "reimbursement bonds" as defined therein, and the proceeds thereof used to reimburse the Authority for any "original expenditure" and/or "preliminary expenditure," as those terms are also defined in Regulations § 1.150-2, in connection with the Projects of any of the Projects. Any "official intent" executed by the Chairman or the Executive Director in relation to any of the Projects prior to the adoption of this Resolution is hereby ratified and affirmed as the act and deed of the Governing Body, as of the date such "official intent" was so executed by the Chairman or the Executive Director. To the extent that no previous "official intent" has been adopted prior to the adoption of this resolution, this resolution shall constitute an "official intent" to reimburse the Authority for such "original expenditure(s)" and/or "preliminary expenditure(s)". The Chairman and the Executive Director, or either of them, are authorized to execute and implement any "reimbursement allocation," as that expression is defined in Regulations § 1.150-2, in respect of any proceeds of any of the Bonds.

(e) The Chairman and the Executive Director, or either of them, are authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Chairman and the Executive Director, or either of them, are further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as he or she shall deem to be advantageous to the Authority and in doing so, the Chairman and the Executive Director, or either of them, are authorized to change the designation of the Bonds to a designation or designations other than "Series 2021 Bonds" or "Bonds"; *provided*, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the maximum

aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(f) The Chairman and the Executive Director, or either of them, are authorized to award the Bonds, or any series thereof, to the bidder whose bid results in the lowest true interest cost to the Authority, provided the rate on each maturity of the Bonds shall not exceed the lesser of 5.00 percent per annum or the maximum rate permitted by law. The award of the Bonds by the Chairman and the Executive Director, or either of them, to the lowest bidder shall be binding on the Authority, and no further action of the Governing Body with respect thereto shall be required. The form of the Bond set forth in Section 5 hereof, shall be conformed to reflect any changes made pursuant hereto.

(g) The Chairman and the Executive Director, or either of them, are authorized to cause the Bonds, in Book-Entry Form (except as otherwise permitted herein), to be authenticated and delivered by the Registrar to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds.

(h) The Chairman and the Executive Director, or either of them, are authorized to designate the Bonds as "qualified tax-exempt bonds" pursuant to Section 265(b)(3)(B) of the Code, if and to the extent that the Bonds are eligible for such designation. In the event of such designation, the qualifying language "(Bank Qualified)" shall be included in the designation of the Bonds as elsewhere prescribed herein.

(i) The Authority acknowledges receipt from the Municipal Advisor or Original Purchaser of pertinent fee information and estimated expenses associated with the negotiated sale and issuance of the Bonds.

(j) Without limiting the foregoing provisions of this Section 12, the Chairman and the Executive Director, or either of them, in consultation with the Municipal Advisor and Original Purchaser (if any), based on market conditions and other factors deemed relevant at this time, are authorized to determine whether the Bonds or any series of Bonds shall be issued or not.

(k) If any of the determinations made by the Chairman and the Executive Director, or either of them, as contemplated in this Section 12, are not set forth in the Bond Purchase Agreement or another closing document, there shall be included in the transcript of closing documents for the Bonds a written certification specifying and evidencing all such determinations which have been made.

Section 13. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be used and applied as follows:

(a) All amounts received on the date of the Bonds' issuance as accrued interest shall be deposited to the Bond Fund to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.

(b) An amount equal to the Bonds' costs of issuance shall be disbursed to those providers of services in connection with the Bonds' issuance, in conformity with the terms, covenants, and conditions of the Authority's agreements with those providers.

(c) In the event the Chairman and the Executive Director, or either of them, determines that it is not in the best interest of the System and the Authority to satisfy the Reserve Fund Requirement, if any, with a Reserve Fund Credit Facility, there shall be deposited to the Reserve Fund Bond proceeds or other funds of the Authority in an amount sufficient to cause the amount being held in any Reserve Fund created pursuant to Section 7(d) hereof to be equal to the Reserve Fund Requirement for the Bonds.

(d) An amount, which together with other available funds and investment earnings thereon, if any, and legally available funds of the Authority, if any, will be sufficient to pay principal of and interest, premium, if any, and other sums due and payable in respect of the Refunded Obligations shall be used to redeem in full the Refunded Obligations, shall be paid to the paying agent(s), if any, of the Refunded Obligations, or if no paying agent(s) be at such time serving in such capacity, such amounts shall be paid directly to the registered owner(s) or other holder(s) of the Refunded Obligations, as their interest(s) may appear and otherwise in conformity with the terms, covenants, and conditions thereof, and in all events not later than eighty-nine (89) days from and after the date of the Bonds' issuance.

(e) All remaining amounts received on the date of the Bonds' issuance in excess of the amounts described in Sections 13(a) through 13(d) above inclusive shall be deposited into one or more Project Fund(s), for use in construction of the Projects, or for reimbursement of such "original expenditures" or "preliminary expenses" in respect of the Project(s) as shall have been authorized for reimbursement as set forth in Section 12(d) above, or otherwise as provided in the Regulations. Money in a Project 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 such Project Fund. Monies in a Project Fund shall be invested as directed by an authorized representative of the Authority in such investments as shall be permitted by Tennessee law. All income derived from such investments shall be retained in the applicable Project Fund. Any funds remaining in a Project Fund after completion of the Project(s) funded therefrom and payment of authorized expenses in connection therewith shall be deposited to the Bond Fund.

Section 14. Discharge and Satisfaction of Bonds. If the Authority 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 monies 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); or,

(c) By delivering such 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 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 Authority to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate, and become void.

(d) If the Authority 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.

(e) Except as otherwise provided in this section, neither Defeasance Obligations nor monies 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 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 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.

Section 15. Modification of Resolution.

(a) This resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; *provided*, however, such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

(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 Authority 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 Authority) 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:

- (i) make any change in the maturities or redemption dates of the Bonds;
- (ii) make any change in the rates of interest borne by the Bonds;
- (iii) reduce the amount of the principal payments or redemption premiums payable on the Bonds;
- (iv) modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
- (v) affect the rights of the registered owners of less than all of the Bonds then outstanding; or,
- (vi) 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 Authority 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 registered 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 Authority 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 Authority 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 (except a permissible revocation as provided in the next paragraph of this section), 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 Authority 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 Authority 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 (including those Bonds for which an attempt is subsequently made to revoke such consent) 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.

Section 16. Official Statement. The Chairman and the Executive Director, or either of them, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds and the Authority. The Chairman and the Executive Director, or either of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Chairman and the Executive Director, or either of them, shall arrange for the delivery to the Original Purchaser of the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold for delivery by the Original Purchaser to each potential investor requesting a copy of the Official Statement.

The Chairman and the Executive Director, or either of them, are authorized, on behalf of the Authority, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Authority except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 17. Federal Tax Covenants. The Authority recognizes that the purchasers and holders of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. Accordingly, the Authority agrees that it shall take no action that may render the interest on any of said Bonds subject to federal income taxation. It is the reasonable expectation of the Governing Body that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required thereby and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income for purposes of federal income taxation. The Chairman and the Executive Director, or either of them, is authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the Authority.

Section 18. Continuing Disclosure. The Authority hereby covenants and agrees that it will provide financial information and material event notices if and as required by Rule 15c2-12 of the Securities and Exchange Commission for the Bonds. The Chairman and the Executive Director, or either of them, are authorized to execute at the closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Authority to comply with the undertaking herein described and to be detailed in said closing agreement shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Authority to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 19. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Authority and the registered owners of the Bonds, and after the issuance of the 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 16 hereof, until such time as the Bonds shall have been paid in full or discharged pursuant to Section 14 hereof.

Section 20. Repeal of Conflicting Resolutions and Effective Date; Re-Affirmation. 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. All acts and transactions of the Authority, its commissioners, officers, attorneys, advisors, and other representatives, which have

occurred or been performed in respect of the indebtedness described and contemplated in this resolution are ratified and re-affirmed.

Section 21. 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.

Adopted and approved this _____ day of May, 2021.

Chairman

ATTEST:

Secretary

STATE OF TENNESSEE)
COUNTY OF DICKSON)

I, R. Darrell James, hereby certify that I am the duly qualified and acting Secretary of the Board of Commissioners of Water Authority of Dickson County, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of the meeting of the Board of Commissioners of the Authority held on **May** _____, 2021; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to up to \$17,000,000 in aggregate principal amount of Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021 of said Authority.

WITNESS my official signature and seal of said Authority this _____ day of _____, 2021.

R. Darrell James

SEAL:

EXHIBIT B

Total Issue Sources And Uses

Dated 07/19/2021 | Delivered 07/19/2021

	<u>New Money</u>	<u>Refunding</u>	<u>Issue Summary</u>
Sources Of Funds			
Par Amount of Bonds.....	\$10,900,000.00	\$8,470,000.00	\$19,370,000.00
Reoffering Premium.....	1,203,119.00	1,368,333.75	2,571,452.75
Transfers from Prior Issue DSR Funds.....	-	740,000.00	740,000.00
Total Sources.....	\$12,103,119.00	\$10,578,333.75	\$22,681,452.75
Uses Of Funds			
Deposit to Project Construction Fund.....	12,000,000.00	-	12,000,000.00
Deposit to Current Refunding Fund.....	-	10,494,026.21	10,494,026.21
Total Underwriter's Discount (0.500%).....	54,500.00	42,350.00	96,850.00
Costs of Issuance.....	50,567.95	39,294.55	89,862.50
Rounding Amount.....	(1,948.95)	2,662.99	714.04
Total Uses.....	\$12,103,119.00	\$10,578,333.75	\$22,681,452.75

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2022	405,000.00	5.000%	621,415.00	1,026,415.00
06/30/2023	905,000.00	5.000%	685,825.00	1,590,825.00
06/30/2024	955,000.00	5.000%	639,325.00	1,594,325.00
06/30/2025	1,000,000.00	5.000%	590,450.00	1,590,450.00
06/30/2026	1,025,000.00	5.000%	539,825.00	1,564,825.00
06/30/2027	1,045,000.00	5.000%	488,075.00	1,533,075.00
06/30/2028	1,100,000.00	5.000%	434,450.00	1,534,450.00
06/30/2029	1,155,000.00	5.000%	378,075.00	1,533,075.00
06/30/2030	1,210,000.00	5.000%	318,950.00	1,528,950.00
06/30/2031	1,270,000.00	3.000%	269,650.00	1,539,650.00
06/30/2032	1,230,000.00	3.000%	232,150.00	1,462,150.00
06/30/2033	1,265,000.00	3.000%	194,725.00	1,459,725.00
06/30/2034	1,305,000.00	3.000%	156,175.00	1,461,175.00
06/30/2035	1,340,000.00	3.000%	116,500.00	1,456,500.00
06/30/2036	650,000.00	3.000%	86,650.00	736,650.00
06/30/2037	670,000.00	3.000%	66,850.00	736,850.00
06/30/2038	690,000.00	2.000%	49,900.00	739,900.00
06/30/2039	705,000.00	2.000%	35,950.00	740,950.00
06/30/2040	715,000.00	2.000%	21,750.00	736,750.00
06/30/2041	730,000.00	2.000%	7,300.00	737,300.00
Total	\$19,370,000.00	-	\$5,933,990.00	\$25,303,990.00

Detail Costs Of Issuance

Dated 07/19/2021 | Delivered 07/19/2021

COSTS OF ISSUANCE DETAIL

Financial Advisor.....	\$37,500.00
Bond Counsel.....	\$24,212.50
Rating Agency Fee.....	\$25,000.00
POS/Official Statement.....	\$1,700.00
Registration/Paying Agent.....	\$750.00
CUSIP.....	\$700.00
TOTAL.....	\$89,862.50
Estimated Underwriter's Discount (\$5.00/\$1,000).....	\$96,850.00
	\$186,712.50

EXHIBIT C

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

Debt Service Comparison

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

PV Analysis Summary (Net to Net)

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

Refunding Bond Information

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

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

PROOF OF GROSS D/S SAVINGS @ 1.5818573%

Date	NEW GROSS D/S	OLD GROSS D/S	SAVINGS	PV Factor	Present Value
12/01/2021	405,130.00	331,573.02	(73,556.98)	0.9942393x	(72,261.12)
12/01/2022	866,150.00	794,014.72	(72,135.28)	0.9786965x	(66,274.59)
12/01/2023	869,900.00	793,887.06	(76,012.94)	0.9633967x	(68,874.70)
12/01/2024	867,150.00	793,379.35	(73,770.65)	0.9483360x	(65,570.10)
12/01/2025	843,150.00	766,350.02	(76,799.98)	0.9335108x	(67,356.14)
12/01/2026	813,900.00	739,855.82	(74,044.18)	0.9189174x	(63,942.28)
12/01/2027	814,650.00	739,746.40	(74,903.60)	0.9045521x	(63,615.96)
12/01/2028	813,900.00	739,750.51	(74,149.49)	0.8904113x	(61,842.38)
12/01/2029	811,650.00	739,843.76	(71,806.24)	0.8764917x	(58,709.12)
12/01/2030	812,900.00	740,231.67	(72,668.33)	0.8627896x	(58,418.92)
12/01/2031	731,600.00	656,341.74	(75,258.26)	0.8493017x	(60,148.75)
12/01/2032	732,100.00	656,344.89	(75,755.11)	0.8360247x	(59,559.71)
12/01/2033	732,000.00	656,397.33	(75,602.67)	0.8229553x	(58,437.32)
12/01/2034	731,300.00	656,400.87	(74,899.13)	0.8100901x	(56,887.55)
12/01/2035	-	656,597.20	656,597.20	0.7974261x	527,383.67
12/01/2036	-	302,737.64	302,737.64	0.7849600x	239,728.32
12/01/2037	-	231,978.49	231,978.49	0.7726889x	180,547.10
12/01/2038	-	215,866.30	215,866.30	0.7606095x	165,404.31
12/01/2039	-	195,631.52	195,631.52	0.7497027x	147,621.51
Total	\$10,845,480.00	\$11,406,928.31	\$561,448.31	-	\$378,786.27

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
07/19/2021	-	-	-	-	-	-
12/01/2021	275,000.00	5.000%	101.758%	279,834.50	0.3666667x	102,605.98
12/01/2022	525,000.00	5.000%	106.504%	559,146.00	1.3666667x	764,166.20
12/01/2023	555,000.00	5.000%	111.050%	616,327.50	2.3666667x	1,458,641.75
12/01/2024	580,000.00	5.000%	115.185%	668,073.00	3.3666667x	2,249,179.10
12/01/2025	585,000.00	5.000%	119.030%	696,325.50	4.3666667x	3,040,621.35
12/01/2026	585,000.00	5.000%	122.490%	716,566.50	5.3666667x	3,845,573.55
12/01/2027	615,000.00	5.000%	125.594%	772,403.10	6.3666667x	4,917,633.07
12/01/2028	645,000.00	5.000%	128.338%	827,780.10	7.3666667x	6,097,980.07
12/01/2029	675,000.00	5.000%	130.997%	884,229.75	8.3666667x	7,398,055.58
12/01/2030	710,000.00	3.000%	112.842%	801,178.20	9.3666667x	7,504,369.14
12/01/2031	650,000.00	3.000%	112.170%	729,105.00	10.3666667x	7,558,388.50
12/01/2032	670,000.00	3.000%	110.921%	743,170.70	11.3666667x	8,447,373.62
12/01/2033	690,000.00	3.000%	110.508%	762,505.20	12.3666667x	9,429,647.64
12/01/2034	710,000.00	3.000%	110.097%	781,688.70	13.3666667x	10,448,572.29
Total	\$8,470,000.00	-	-	\$9,838,333.75	-	\$73,262,807.84

Description of Bonds

Final Maturity Date.....	12/01/2034
Issue price of entire issue.....	9,838,333.75
Stated Redemption at Maturity.....	8,470,000.00
Weighted Average Maturity = Bond Years/Issue Price.....	7.447 Years
Bond Yield for Arbitrage Purposes.....	1.4896239%

Description of Refunded Bonds

Proceeds used to currently refund prior issue.....	9,754,026.21
Proceeds used to advance refund prior issue.....	-
Remaining weighted average maturity of the bonds to be currently refunded.....	7.883 Years
Remaining weighted average maturity of the bonds to be advance refunded.....	-
Last date on which the refunded bonds will be called.....	7/19/2021

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

Refunding Summary

Dated 07/19/2021 | Delivered 07/19/2021

Sources Of Funds

Par Amount of Bonds.....	\$8,470,000.00
Reoffering Premium.....	1,368,333.75
Transfers from Prior Issue DSR Funds.....	740,000.00
Total Sources.....	\$10,578,333.75

Uses Of Funds

Deposit to Current Refunding Fund.....	10,494,026.21
Total Underwriter's Discount (0.500%).....	42,350.00
Costs of Issuance.....	39,294.55
Rounding Amount.....	2,662.99
Total Uses.....	\$10,578,333.75

Flow of Funds Detail

State and Local Government Series (SLGS) rates for.....	5/19/2021
Date of OMP Candidates.....	
Current Refunding Escrow Solution Method.....	Net Funded
Total Cost of Investments.....	\$10,494,026.21
Total Draws.....	\$10,494,026.21
DSR Transfers Fund Solution Method.....	Transfer All
Total Cost of Investments.....	\$740,000.00

Issues Refunded, Refunded Par And Call Dates

SRF 17-385 [Par 10,494,026.21] [Avg Cpn 1.030%].....	7/19/2021
SRF 09-247 [Par 10,494,026.21] [Avg Cpn 1.510%].....	7/19/2021
SRF 12-295 [Par 10,494,026.21] [Avg Cpn 1.110%].....	7/19/2021
SRF 17-384 [Par 10,494,026.21] [Avg Cpn 1.030%].....	7/19/2021
Bank Loan #3403 [Par 10,494,026.21] [Avg Cpn 1.990].....	7/19/2021
Bank Loan #3395 [Par 10,494,026.21] [Avg Cpn 1.990].....	7/19/2021

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 1.582%(AIC).....	378,786.27
Contingency or Rounding Amount.....	2,662.99
Net Present Value Benefit.....	\$381,449.26
Net PV Benefit / \$10,494,026 Refunded Principal.....	3.635%
Net PV Benefit / \$8,470,000 Refunding Principal.....	4.504%
Average Annual Cash Flow Savings.....	29,549.91
Total New Net D/S.....	10,845,480.00
Total Prior D/S.....	11,406,928.31
Total Cashflow Savings.....	561,448.31

Bond Statistics

Average Life.....	7.452 Years
Average Coupon.....	3.7633950%
Net Interest Cost (NIC).....	1.6626825%
Bond Yield for Arbitrage Purposes.....	1.4896239%
True Interest Cost (TIC).....	1.5204823%
All Inclusive Cost (AIC).....	1.5818573%

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

Detail Costs Of Issuance for Refunding Portion Only

Dated 07/19/2021 | Delivered 07/19/2021

COSTS OF ISSUANCE DETAIL

Financial Advisor.....	\$16,397.78
Bond Counsel.....	\$10,587.50
Rating Agency Fee.....	\$10,931.85
POS/Official Statement.....	\$743.37
Registration/Paying Agent.....	\$327.96
CUSIP.....	\$306.09
TOTAL.....	\$39,294.55

Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2022	275,000.00	5.000%	300,705.00	575,705.00
06/30/2023	525,000.00	5.000%	328,025.00	853,025.00
06/30/2024	555,000.00	5.000%	301,025.00	856,025.00
06/30/2025	580,000.00	5.000%	272,650.00	852,650.00
06/30/2026	585,000.00	5.000%	243,525.00	828,525.00
06/30/2027	585,000.00	5.000%	214,275.00	799,275.00
06/30/2028	615,000.00	5.000%	184,275.00	799,275.00
06/30/2029	645,000.00	5.000%	152,775.00	797,775.00
06/30/2030	675,000.00	5.000%	119,775.00	794,775.00
06/30/2031	710,000.00	3.000%	92,250.00	802,250.00
06/30/2032	650,000.00	3.000%	71,850.00	721,850.00
06/30/2033	670,000.00	3.000%	52,050.00	722,050.00
06/30/2034	690,000.00	3.000%	31,650.00	721,650.00
06/30/2035	710,000.00	3.000%	10,650.00	720,650.00
Total	\$8,470,000.00	-	\$2,375,480.00	\$10,845,480.00

Yield Statistics

Bond Year Dollars.....	\$63,120.67
Average Life.....	7.452 Years
Average Coupon.....	3.7633950%
Net Interest Cost (NIC).....	1.6626825%
True Interest Cost (TIC).....	1.5204823%
Bond Yield for Arbitrage Purposes.....	1.4896239%
All Inclusive Cost (AIC).....	1.5818573%

IRS Form 8038

Net Interest Cost.....	1.3747033%
Weighted Average Maturity.....	7.447 Years

Optional Redemption

12/01/2029.....	@100.000%
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Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2021

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	YTM	Call Date	Call Price	Dollar Price
12/01/2021	Serial Coupon	5.000%	0.200%	275,000.00	101.758%	-	-	-	279,834.50
12/01/2022	Serial Coupon	5.000%	0.230%	525,000.00	106.504%	-	-	-	559,146.00
12/01/2023	Serial Coupon	5.000%	0.310%	555,000.00	111.050%	-	-	-	616,327.50
12/01/2024	Serial Coupon	5.000%	0.450%	580,000.00	115.185%	-	-	-	668,073.00
12/01/2025	Serial Coupon	5.000%	0.580%	585,000.00	119.030%	-	-	-	696,325.50
12/01/2026	Serial Coupon	5.000%	0.720%	585,000.00	122.490%	-	-	-	716,566.50
12/01/2027	Serial Coupon	5.000%	0.860%	615,000.00	125.594%	-	-	-	772,403.10
12/01/2028	Serial Coupon	5.000%	1.000%	645,000.00	128.338%	-	-	-	827,780.10
12/01/2029	Serial Coupon	5.000%	1.110%	675,000.00	130.997%	-	-	-	884,229.75
12/01/2030	Serial Coupon	3.000%	1.370%	710,000.00	112.842%	c 1.523%	12/01/2029	100.000%	801,178.20
12/01/2031	Serial Coupon	3.000%	1.450%	650,000.00	112.170%	c 1.714%	12/01/2029	100.000%	729,105.00
12/01/2032	Serial Coupon	3.000%	1.600%	670,000.00	110.921%	c 1.925%	12/01/2029	100.000%	743,170.70
12/01/2033	Serial Coupon	3.000%	1.650%	690,000.00	110.508%	c 2.034%	12/01/2029	100.000%	762,505.20
12/01/2034	Serial Coupon	3.000%	1.700%	710,000.00	110.097%	c 2.128%	12/01/2029	100.000%	781,688.70
Total	-	-	-	\$8,470,000.00	-	-	-	-	\$9,838,333.75

Bid Information

Par Amount of Bonds.....	\$8,470,000.00
Reoffering Premium or (Discount).....	1,368,333.75
Gross Production.....	\$9,838,333.75
Total Underwriter's Discount (0.500%).....	\$(42,350.00)
Bid (115.655%).....	9,795,983.75
Total Purchase Price.....	\$9,795,983.75
Bond Year Dollars.....	\$63,120.67
Average Life.....	7.452 Years
Average Coupon.....	3.7633950%
Net Interest Cost (NIC).....	1.6626825%
True Interest Cost (TIC).....	1.5204823%

State Revolving Fund Loan

SRF 17-385

(Bonds to be Refunded)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
11/01/2021	60,189.32	1.030%	12,353.40	72,542.72
11/01/2022	181,346.71	1.030%	35,818.98	217,165.69
11/01/2023	183,186.96	1.030%	33,942.35	217,129.31
11/01/2024	185,068.66	1.030%	32,046.85	217,115.51
11/01/2025	187,036.79	1.030%	30,131.31	217,168.10
11/01/2026	188,973.69	1.030%	28,195.69	217,169.38
11/01/2027	190,901.65	1.030%	26,240.10	217,141.75
11/01/2028	192,866.66	1.030%	24,264.73	217,131.39
11/01/2029	194,903.09	1.030%	22,268.52	217,171.61
11/01/2030	196,920.81	1.030%	20,251.54	217,172.35
11/01/2031	198,940.40	1.030%	18,213.67	217,154.07
11/01/2032	200,992.46	1.030%	16,155.05	217,147.51
11/01/2033	203,100.46	1.030%	14,074.86	217,175.32
11/01/2034	205,203.21	1.030%	11,973.01	217,176.22
11/01/2035	207,318.21	1.030%	9,849.44	217,167.65
11/01/2036	209,460.71	1.030%	7,704.03	217,164.74
11/01/2037	211,642.16	1.030%	5,536.29	217,178.45
11/01/2038	210,683.79	1.030%	3,351.44	214,035.23
11/01/2039	211,914.69	1.030%	1,195.39	213,110.08
Total	\$3,620,650.43	-	\$353,566.65	\$3,974,217.08

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/19/2021
Average Life.....	9.431 Years
Average Coupon.....	1.0300000%
Weighted Average Maturity (Par Basis).....	9.431 Years
Weighted Average Maturity (Original Price Basis).....	9.431 Years

Refunding Bond Information

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

State Revolving Fund Loan

SRF 09-247

(Bonds to be Refunded)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/01/2021	30,334.15	1.510%	4,526.17	34,860.32
12/01/2022	73,356.00	1.510%	10,082.41	83,438.41
12/01/2023	74,461.02	1.510%	8,967.05	83,428.07
12/01/2024	75,093.48	1.510%	7,836.55	82,930.03
12/01/2025	76,254.48	1.510%	6,698.36	82,952.84
12/01/2026	77,922.48	1.510%	5,533.52	83,456.00
12/01/2027	79,103.46	1.510%	4,348.74	83,452.20
12/01/2028	80,307.00	1.510%	3,146.00	83,453.00
12/01/2029	81,533.52	1.510%	1,924.91	83,458.43
12/01/2030	83,159.52	1.510%	683.99	83,843.51
Total	\$731,525.11	-	\$53,747.70	\$785,272.81

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/19/2021
Average Life.....	4.816 Years
Average Coupon.....	1.5099999%
Weighted Average Maturity (Par Basis).....	4.816 Years
Weighted Average Maturity (Original Price Basis).....	4.816 Years

Refunding Bond Information

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

State Revolving Fund Loan

SRF 12-295

(Bonds to be Refunded)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
02/01/2022	211,437.94	1.110%	36,396.15	247,834.09
02/01/2023	365,162.32	1.110%	59,199.52	424,361.84
02/01/2024	369,141.68	1.110%	55,125.87	424,267.55
02/01/2025	373,310.32	1.110%	51,007.58	424,317.90
02/01/2026	377,525.68	1.110%	46,842.28	424,367.96
02/01/2027	381,739.32	1.110%	42,630.37	424,369.69
02/01/2028	385,934.32	1.110%	38,371.66	424,305.98
02/01/2029	390,275.00	1.110%	34,066.00	424,341.00
02/01/2030	394,664.36	1.110%	29,711.56	424,375.92
02/01/2031	399,069.32	1.110%	25,308.44	424,377.76
02/01/2032	403,489.68	1.110%	20,856.28	424,345.96
02/01/2033	408,010.32	1.110%	16,354.73	424,365.05
02/01/2034	412,581.32	1.110%	11,802.57	424,383.89
02/01/2035	417,187.00	1.110%	7,199.55	424,386.55
02/01/2036	422,117.04	1.110%	2,544.25	424,661.29
Total	\$5,711,645.62	-	\$477,416.81	\$6,189,062.43

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/19/2021
Average Life.....	7.480 Years
Average Coupon.....	1.1100000%
Weighted Average Maturity (Par Basis).....	7.480 Years
Weighted Average Maturity (Original Price Basis).....	7.480 Years

Refunding Bond Information

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

State Revolving Fund Loan

SRF 17-384

(Bonds to be Refunded)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
02/01/2022	7,324.94	1.030%	1,339.61	8,664.55
02/01/2023	12,643.68	1.030%	2,193.83	14,837.51
02/01/2024	12,771.00	1.030%	2,062.99	14,833.99
02/01/2025	12,905.00	1.030%	1,930.83	14,835.83
02/01/2026	13,070.60	1.030%	1,797.18	14,867.78
02/01/2027	13,190.80	1.030%	1,661.87	14,852.67
02/01/2028	13,309.00	1.030%	1,525.51	14,834.51
02/01/2029	13,448.36	1.030%	1,387.76	14,836.12
02/01/2030	13,588.68	1.030%	1,248.58	14,837.26
02/01/2031	13,729.64	1.030%	1,107.96	14,837.60
02/01/2032	13,870.32	1.030%	965.88	14,836.20
02/01/2033	14,014.36	1.030%	822.34	14,836.70
02/01/2034	14,160.32	1.030%	677.31	14,837.63
02/01/2035	14,306.96	1.030%	530.76	14,837.72
02/01/2036	14,454.68	1.030%	382.69	14,837.37
02/01/2037	14,604.68	1.030%	233.12	14,837.80
02/01/2038	14,705.00	1.030%	82.13	14,787.13
Total	\$226,098.02	-	\$19,950.35	\$246,048.37

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/19/2021
Average Life.....	8.517 Years
Average Coupon.....	1.0300003%
Weighted Average Maturity (Par Basis).....	8.517 Years
Weighted Average Maturity (Original Price Basis).....	8.517 Years

Refunding Bond Information

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

Bank of Dickson Loan

Loan # 3403

(Bonds to be Refunded)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
05/27/2022	29,218.75	1.990%	2,102.79	31,321.54
05/27/2023	32,462.62	1.990%	1,681.21	34,143.83
05/27/2024	33,112.79	1.990%	1,029.29	34,142.08
05/27/2025	33,761.92	1.990%	364.43	34,126.35
Total	\$128,556.08	-	\$5,177.72	\$133,733.80

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/19/2021
Average Life.....	1.963 Years
Average Coupon.....	1.9899983%
Weighted Average Maturity (Par Basis).....	1.963 Years
Weighted Average Maturity (Original Price Basis).....	1.963 Years

Refunding Bond Information

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

Bank of Dickson Loan

Loan # 3395

(Bonds to be Refunded)

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
05/27/2022	17,171.88	1.990%	1,235.79	18,407.67
05/27/2023	19,077.70	1.990%	988.03	20,065.73
05/27/2024	19,460.05	1.990%	604.89	20,064.94
05/27/2025	19,841.32	1.990%	214.16	20,055.48
Total	\$75,550.95	-	\$3,042.87	\$78,593.82

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/19/2021
Average Life.....	1.963 Years
Average Coupon.....	1.9899951%
Weighted Average Maturity (Par Basis).....	1.963 Years
Weighted Average Maturity (Original Price Basis).....	1.963 Years

Refunding Bond Information

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

EXHIBIT D

WATER AUTHORITY OF DICKSON COUNTY, TENNESSEE
Current Debt Service Requirements
(as of June 30, 2020)

	Bank Loan #3403			Bank Loan #3395			SRF Loan #09-247			SRF Loan #12-295			SRF Loan #17-384			SRF Loan #17-385			Series 2018 Bonds			Series 2020 Bonds			Total Current Debt Service		
FY	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2021	\$31,247	\$2,899	\$2,899	\$18,364	\$1,704	\$20,068	\$71,711	\$11,749	\$83,460	\$358,464	\$65,928	\$424,392	\$12,428	\$2,410	\$14,838	\$178,717	\$38,543	\$217,260	\$295,000	\$245,638	\$540,638	\$1,340,000	\$243,500	\$1,583,500	\$2,305,931	\$612,371	\$2,918,302
2022	31,875	2,271	2,271	18,733	1,335	20,068	72,802	10,658	83,460	362,465	61,927	424,392	12,557	2,281	14,838	180,568	36,692	217,260	310,000	233,837	543,837	1,170,000	433,400	1,603,400	2,159,000	782,401	2,941,401
2023	32,516	1,630	1,630	19,109	958	20,067	73,910	9,550	83,460	366,511	57,881	424,392	12,687	2,151	14,838	182,437	34,823	217,260	320,000	221,438	541,438	1,125,000	386,600	1,511,600	2,132,170	715,031	2,847,201
2024	33,167	979	979	19,492	575	20,067	75,012	8,448	83,460	370,457	53,935	424,392	12,813	2,025	14,838	184,237	33,023	217,260	335,000	208,637	543,637	1,385,000	341,600	1,726,600	2,415,178	649,222	3,064,400
2025	30,998	305	305	18,217	180	18,397	76,175	7,285	83,460	374,737	49,655	424,392	12,951	1,887	14,838	186,233	31,027	217,260	345,000	195,238	540,238	1,245,000	286,200	1,531,200	2,289,311	571,777	2,861,088
2026							77,334	6,126	83,460	378,920	45,472	424,392	13,085	1,753	14,838	188,162	29,098	217,260	355,000	184,887	539,887	1,270,000	236,400	1,506,400	2,282,501	503,736	2,786,237
2027							78,511	4,949	83,460	383,149	41,243	424,392	13,221	1,617	14,838	190,110	27,150	217,260	370,000	174,238	544,238	1,280,000	198,300	1,478,300	2,314,991	447,497	2,762,488
2028							79,696	3,764	83,460	387,327	37,065	424,392	13,353	1,485	14,838	192,010	25,250	217,260	380,000	163,137	543,137	1,275,000	159,900	1,434,900	2,327,386	390,601	2,717,987
2029							80,918	2,542	83,460	391,749	32,643	424,392	13,496	1,342	14,838	194,066	23,194	217,260	390,000	151,738	541,738	1,125,000	121,650	1,246,650	2,195,229	333,109	2,528,338
2030							82,149	1,311	83,460	396,122	28,270	424,392	13,635	1,203	14,838	196,075	21,185	217,260	400,000	140,037	540,037	1,120,000	87,900	1,207,900	2,207,981	279,906	2,487,887
2031							42,085	188	42,273	400,543	23,849	424,392	13,777	1,061	14,838	198,105	19,155	217,260	415,000	127,538	542,538	1,105,000	65,500	1,170,500	2,174,510	237,291	2,411,801
2032										404,963	19,429	424,392	13,917	921	14,838	200,110	17,150	217,260	430,000	114,569	544,569	1,090,000	43,400	1,133,400	2,138,990	195,469	2,334,459
2033										409,534	14,858	424,392	14,063	775	14,838	202,228	15,032	217,260	440,000	100,594	540,594	1,080,000	21,600	1,101,600	2,145,825	152,859	2,298,684
2034										414,105	10,287	424,392	14,209	629	14,838	204,322	12,938	217,260	455,000	86,294	541,294				1,087,636	110,148	1,197,784
2035										418,728	5,664	424,392	14,356	482	14,838	206,437	10,823	217,260	470,000	70,937	540,937				1,109,521	87,906	1,197,427
2036										282,541	1,186	283,727	14,504	334	14,838	208,552	8,708	217,260	490,000	54,487	544,487				995,597	64,715	1,060,312
2037													14,655	183	14,838	210,733	6,527	217,260	505,000	37,337	542,337				730,388	44,047	774,435
2038													9,820	37	9,857	212,915	4,345	217,260	525,000	19,031	544,031				747,735	23,413	771,148
2039																215,120	2,140	217,260							215,120	2,140	217,260
2040																90,838	236	91,074							90,838	236	91,074
2041																											
Total	<u>\$159,803</u>	<u>\$8,084</u>	<u>\$167,887</u>	<u>\$93,915</u>	<u>\$4,752</u>	<u>\$98,667</u>	<u>\$810,303</u>	<u>\$66,570</u>	<u>\$876,873</u>	<u>\$6,100,315</u>	<u>\$549,292</u>	<u>\$6,649,607</u>	<u>\$239,527</u>	<u>\$22,576</u>	<u>\$262,103</u>	<u>\$3,821,975</u>	<u>\$397,039</u>	<u>\$4,219,014</u>	<u>\$7,230,000</u>	<u>\$2,529,612</u>	<u>\$9,759,612</u>	<u>\$15,610,000</u>	<u>\$2,625,950</u>	<u>\$18,235,950</u>	<u>\$34,065,838</u>	<u>\$6,203,875</u>	<u>\$40,269,713</u>

¹ Does not include portion of the bonds being refunded by Series 2021 Bonds.

WATER AUTHORITY OF DICKSON COUNTY, TENNESSEE
Current and Proposed Debt Service Requirements

FY	Series 2018 Bonds			Series 2020 Bonds			PROPOSED Series 2021 Bonds: Refunding Portion ¹			PROPOSED Series 2021 Bonds: New Money Portion ¹			Total Current and Proposed Debt Service		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2022	\$310,000	\$233,837	\$543,837	\$1,170,000	\$433,400	\$1,603,400	\$275,000	\$300,705	\$575,705	\$130,000	\$320,710	\$450,710	\$1,885,000	\$1,288,652	\$3,173,652
2023	320,000	221,438	541,438	1,125,000	386,600	1,511,600	525,000	328,025	853,025	380,000	357,800	737,800	2,350,000	1,293,863	3,643,863
2024	335,000	208,637	543,637	1,385,000	341,600	1,726,600	555,000	301,025	856,025	400,000	338,300	738,300	2,675,000	1,189,562	3,864,562
2025	345,000	195,238	540,238	1,245,000	286,200	1,531,200	580,000	272,650	852,650	420,000	317,800	737,800	2,590,000	1,071,888	3,661,888
2026	355,000	184,887	539,887	1,270,000	236,400	1,506,400	585,000	243,525	828,525	440,000	296,300	736,300	2,650,000	961,112	3,611,112
2027	370,000	174,238	544,238	1,280,000	198,300	1,478,300	585,000	214,275	799,275	460,000	273,800	733,800	2,695,000	860,613	3,555,613
2028	380,000	163,137	543,137	1,275,000	159,900	1,434,900	615,000	184,275	799,275	485,000	250,175	735,175	2,755,000	757,487	3,512,487
2029	390,000	151,738	541,738	1,125,000	121,650	1,246,650	645,000	152,775	797,775	510,000	225,300	735,300	2,670,000	651,463	3,321,463
2030	400,000	140,037	540,037	1,120,000	87,900	1,207,900	675,000	119,775	794,775	535,000	199,175	734,175	2,730,000	546,887	3,276,887
2031	415,000	127,538	542,538	1,105,000	65,500	1,170,500	710,000	92,250	802,250	560,000	177,400	737,400	2,790,000	462,688	3,252,688
2032	430,000	114,569	544,569	1,090,000	43,400	1,133,400	650,000	71,850	721,850	580,000	160,300	740,300	2,750,000	390,119	3,140,119
2033	440,000	100,594	540,594	1,080,000	21,600	1,101,600	670,000	52,050	722,050	595,000	142,675	737,675	2,785,000	316,919	3,101,919
2034	455,000	86,294	541,294				690,000	31,650	721,650	615,000	124,525	739,525	1,760,000	242,469	2,002,469
2035	470,000	70,937	540,937				710,000	10,650	720,650	630,000	105,850	735,850	1,810,000	187,437	1,997,437
2036	490,000	54,487	544,487							650,000	86,650	736,650	1,140,000	141,137	1,281,137
2037	505,000	37,337	542,337							670,000	66,850	736,850	1,175,000	104,187	1,279,187
2038	525,000	19,031	544,031							690,000	49,900	739,900	1,215,000	68,931	1,283,931
2039										705,000	35,950	740,950	705,000	35,950	740,950
2040										715,000	21,750	736,750	715,000	21,750	736,750
2041										730,000	7,300	737,300	730,000	7,300	737,300
Total	<u>\$6,935,000</u>	<u>\$2,283,974</u>	<u>\$9,218,974</u>	<u>\$14,270,000</u>	<u>\$2,382,450</u>	<u>\$16,652,450</u>	<u>\$8,470,000</u>	<u>\$2,375,480</u>	<u>\$10,845,480</u>	<u>\$10,900,000</u>	<u>\$3,558,510</u>	<u>\$14,458,510</u>	<u>\$40,575,000</u>	<u>\$10,600,414</u>	<u>\$51,175,414</u>

¹ Preliminary. Based on current market conditions as of the date of this request for report.

EXHIBIT E

Please find the Authority's audited financial statements for the period ended June 30, 2020 at the following link:

<https://comptroller.tn.gov/content/dam/cot/la/advanced-search/2020/utilities/4530-2020-qg-wadc-rpt-cpa811-12-23-20.pdf>

In addition, for your convenience, find the Authority's audited financial statements for the years ended December 31, 2019 and December 31, 2018 at the following link:

<https://comptroller.tn.gov/content/dam/cot/la/advanced-search/2019/utilities/4530-2019-qg-wadc-rpt-cpa811-5-13-20.pdf>

Water Authority of Dickson County

Financial Discussion and Analysis

<u>Highlights</u>	March 2021	March 2020
Operating Revenues	\$ 1,513,654	\$ 1,397,968
Operating Expenses	\$ 1,480,835	\$ 1,521,040
Operating Income (loss)	\$ 32,819	\$ -123,072

Summary

Water volumes billed increased 1% while wastewater volumes billed decreased 1% as compared to March 2020.

Consolidated operating revenues were \$1,513,654, an increase of \$115,686, or 8% above March 2020. The increase is primarily due to an increase in metered sales for the month.

Consolidated operating expenses were \$1,480,835, a decrease \$40,205 or 3% as compared with the prior year.

Operating income for the month was \$ 32,819 vs \$ -123,072 in March of last year.

Volume

	March 2021	March 2020
Water billed (thousands)	99,323, up 1%	98,407
Wastewater billed (thousands)	55,532, down 1%	55,830

Budget v Actual

	March YTD	Budget	Ahead (Behind)
Operating Revenues	\$ 14,414,080	\$ 13,059,649	\$ 1,354,431
Operating Expenses	\$ 13,123,880	\$ 13,746,057	\$ 622,177
Operating Income	\$ 1,290,200	(\$ 686,408)	\$ 1,976,608

Water

Monthly water volume billed increased 1% or 916,000 gallons from prior year levels with residential volumes increasing 2% and commercial volumes decreasing 1% from 2020.

Total water operating revenues were \$921,301, an increase of \$ 19,446 or 2% from March 2020 and 8% above that of the budget year-to-date. Comparing March 2021 to March 2020 by category, residential sales revenue is up \$32,485 or 6%, industrial/commercial sales revenue is down \$10,161 or 5%, and utility sales revenue is up \$11,336 or 28% compared to prior year amounts.

March operating expenses were \$830,828, decreasing \$74,212 or 8% from March 2020 and 6% below budgeted expenses. Comparing March expenses to the year to date averages, purchased water expense was down \$29,000 for the month, chemicals were down nearly \$6,000 and contract services were down \$10,000.

Sewer

March sewer volumes decreased 1% or 298,000 gallons from March 2020. Residential volumes increased 5% and commercial volumes decreased 7% as compared to the prior year period.

Total sewer operating revenues were \$592,353, an increase of 19% from March 2020. Residential sales revenue increased 17% while commercial sales revenue increased 9% as compared with prior year amounts. Sewer YTD operating revenues are 14% ahead of budget.

March sewer operating expenses were \$650,007, increasing \$34,007 or 6% above prior year levels and 2% below budget. The largest changes in year expenses were salaries (up \$10,000), sludge removal (up \$7,000) and utilities and chemicals (up \$9,000 and \$5,600 respectively)

Balance Sheet

Total cash, including dedicated and restricted funds, totaled \$12,915,026, which reflects an increase of \$198,679 for the month. Accounts receivable, which we continue to monitor regularly, is down slightly year to date and accounts payable are down for both the month (\$80,000) and year to date (\$380,000)

Current Year: 2021
 Comparative Year: 0
 Period: March
 Period Begin: 03/01/21
 Period End: 03/31/21

Water Authority Of Dickson County Statement Of Operations - Consolidated

Account	Title	Current Period	Current YTD Balance
Operating Revenues			
Residential Sales		\$877,359.26	8,531,305.27
Ind/Comm Sales		\$396,679.10	4,013,774.06
Utility District Sales		\$52,450.00	401,974.50
Penalties		\$17,568.98	148,474.85
Water Connection Fee		\$25,950.00	257,650.00
Swr Conn Fees		\$17,500.00	119,250.00
Capacity Charge		\$70,500.00	361,050.00
Pretreatment Rev		\$15,277.00	126,767.60
Fire Hydrant Service		\$0.00	106,900.00
Misc Revenue		\$40,369.93	346,934.00
Total Operating Revenues		\$1,513,654.27	14,414,080.28
Operating Expenses			
Source Of Supply		\$36,793.20	352,502.74
Water Trmt Plants		\$156,657.67	1,439,295.68
Maintenance		\$20,627.86	149,753.45
Trans/Distribution		\$140,005.62	1,222,742.19
Engineering		\$45,839.74	387,422.76
Sewer Collections		\$63,461.94	483,432.52
Ind Pretreatment		\$16,158.45	95,455.32
Sewer Pumping		\$17,432.28	129,345.11
Swr Trmt & Disposal		\$111,780.35	925,684.28
Cust Serv		\$85,365.35	688,364.61
Admin/Gen		\$83,910.84	783,043.25
Fairview		\$122,429.36	1,321,951.68
White Bluff		\$35,483.64	268,157.99
Depr Expense		\$544,888.73	4,876,728.01
Total Operating Expenses		\$1,480,835.03	13,123,879.59
Operating Income		\$32,819.24	1,290,200.69
Nonoperating Revenues And Expenses			
Capitalized Int Exp		\$0.00	0.00
Interest Income		\$0.00	45,704.24
Int Expense		\$56,153.73	498,869.89
Nonoperating Revenues And Expenses		\$56,153.73	453,165.65
Income Before Contributions		(\$23,334.49)	837,035.04
Contributions In Aid		\$35,400.00	790,222.85
Equity - White Bluff Sv		\$0.00	0.00
Change In Net Assets		\$12,065.51	1,627,257.89

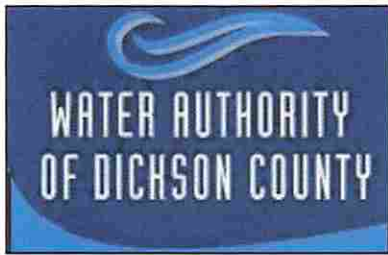
Water Authority Of Dickson County Balance Sheet

Fiscal Year: 2021
Comparative Year: 0
IncludeThru: March

Account	2021 Beginning Balance	Previous Period Balance	2021 YTD 03/31/21
Assets:			
Current Assets			
Cash	11,581,731.54	11,179,940.00	11,226,060.91
Investments & Special Funds	0.00	0.00	0.00
A/r -(Net of Allow for Doubtful Accts)	1,309,155.19	1,469,188.33	1,200,804.96
Unbilled Revenues	1,136,324.04	1,024,455.65	999,334.72
Inventory	452,782.80	461,500.79	456,838.82
Prepaid Ins & Pension	260.00	99,458.14	74,658.66
Total Current Assets	14,480,253.57	14,234,542.91	13,957,698.07
Restricted Assets			
Debt Service Fund	1,388,684.92	574,343.31	715,745.31
Construction Funds	275,990.94	128,286.00	137,641.43
A/R - State of TN	782,619.00	782,619.00	782,619.00
Unamortized Debt Issuance Cost	584,683.28	536,669.66	531,129.53
Proceeds - Bond Issue - Series 2018	1,065,009.75	864,120.57	864,120.57
Total Restricted Assets	4,096,987.89	2,886,038.54	3,031,255.84
Utility Plant			
Utility Plant In Service	179,007,984.96	180,427,492.15	180,643,261.37
Construction Work In Progress	7,512,186.67	10,845,212.00	11,084,668.94
Reserve For Depreciation	(88,417,469.82)	(92,599,935.99)	(93,132,686.72)
Total Utility Plant	98,102,701.81	98,672,768.16	98,595,243.59
Deferred Outflow of Resources	(618,235.48)	(618,998.20)	(619,068.82)
Total Assets	116,061,707.79	115,174,351.41	114,965,128.68
Liabilities And Other Credits			
Current Liabilities			
Accounts Payable	866,939.44	567,342.58	488,573.86
Accrued Payroll and Related Taxes	98,804.15	164,369.19	198,695.94
Accrued Compensated Absences	343,462.16	360,281.77	366,868.09
Deferred Revenues	537,326.93	525,313.74	561,261.58
Current Maturities of Long Term Debt	708,605.59	236,332.27	177,235.58
Consumer Deposits	281,500.00	298,100.00	306,200.00
Other Current Liabilities	94,460.88	84,226.50	76,848.00
Total Current Liabilities	2,931,099.15	2,235,966.05	2,175,683.05

Account	2021 Beginning Balance	Previous Period Balance	2021 YTD 03/31/21
Liabilities Payable From Restricted Assets			
Current Maturities of Long Term Debt	1,732,889.30	30,569.38	22,927.04
Accrued Interest	61,053.00	122,362.72	175,816.28
Construction Cost Payable	282,990.37	137,641.43	151,457.23
Bonds Held By Public	22,161,527.06	22,157,552.38	22,157,184.35
Other Long Term Debt	10,825,226.11	10,808,144.27	10,587,880.04
Net Pension Liability	(7,127.00)	(7,127.00)	(7,127.00)
Total Liabilities Payable from Restricted Assets	35,056,558.84	33,249,143.18	33,088,137.94
Net Position			
Net Investment in Capital Assets	53,486,193.39	53,486,193.39	53,486,193.39
Restricted for Debt Service	899,428.66	899,428.66	899,428.66
Unrestricted	23,688,427.75	23,688,427.75	23,688,427.75
Net Earnings	0.00	1,615,192.38	1,627,257.89
Total Net Position	78,074,049.80	79,689,242.18	79,701,307.69
Total Liabilities and Net Position	116,061,707.79	115,174,351.41	114,965,128.68

EXHIBIT F



WATER AUTHORITY OF DICKSON COUNTY, TENNESSEE

POLICY #2013-01

UPDATED AND READOPTED AUGUST 13, 2018

DEBT MANAGEMENT POLICY

Debt management policies are written guidelines that affect the amount and type of debt issued by a state or local government, the issuance process, and management of a debt portfolio. A debt management policy improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals, and demonstrates a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a debt management policy signals to rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner.

Pursuant to TCA Section 9-21-151(b)(1), the State Funding Board is authorized to develop model financial transaction policies for the State, State Agencies, local governments and local government instrumentalities. The State Funding Board on December 15, 2010, adopted a statement on debt management that reflects four principles for strong financial management in the public sector to include 1) understand the transaction; 2) explain to citizens what is being considered; 3) avoid conflicts of interest; and 4) disclose costs and risks.

State and local governments and government entities that borrow money are directed to draft their own debt management policies by Jan. 1, 2012, using this model policy as a guideline. The statement includes certain mandatory language providing for public accountability and transparency which must be included in debt policies of governmental debt issuers. To further assist issuers there is a list of recommended sources and resources as well as a glossary included herein. The Water Authority of Dickson County, Tennessee (the "Authority") Authority first adopted stated debt management policy on February 13, 2012. The Authority debt management policy was revised and updated on March 11, 2013. The following amends and revises the debt management policy of the Authority.

Adopted August 13, 2018

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I. INTRODUCTION:

Debt management policies are written guidelines incorporated by state or local governmental entities that establish the parameters for the issuance of debt and management of the total debt portfolio. Adherence to debt management policy asserts the priority of sound financial position and commitment to protect and strengthen underlying credit position and rating. Debt management policy improves the quality of decisions made by governing boards and enhances operational efficiency through implementation of discipline and boundaries to guide the actions of public administration management and staff professionals. The Water Authority of Dickson County, Tennessee (the "Authority") recognizes the development and revision of stated debt management policy as fundamental to the efficient operations and management of the Authority and essential to the achievement of the lowest possible costs for the rate payers of the System. The Authority has undertaken to review and consider the Model Debt Policy provided by the Office of the Comptroller of the State of Tennessee and related attachments A-C (which are incorporated hereto) and the Best Practices Model Debt Policy of the Government Finance Officers Association ("GFOA") as most recently amended in 2012.

The debt management policy obligates the Authority to full and appropriate repayment of debt service requirements and requisite fulfillment of continuing disclosure obligations; open and full public transparency of actions related to indebtedness; legal authority for the issuance of debt; basis for issuer credit management and improvement; amount and types of permissible debt which may be issued; methodology for the sale of debt; justification for structure and timing of debt transactions; and basis for hiring professional services firms. Debt management policy should be utilized in conjunction with the annual operating budget, capital expenditures budget, and capital improvement plan ("CIP") to effectuate more connective and synergistic long term financial approaches and methodologies. It is the intent of the Authority that operational, financial, and credit initiatives and policies represent to the credit rating agencies and capital markets that the Authority is well managed and structured to provide for timely repayment of existing and proposed debt obligations.

II. THE WATER AUTHORITY OF DICKSON COUNTY, TENNESSEE:

The Dickson County Water Authority was created in January 1990 by Chapter 124 of the Tennessee Private Acts of 1990 as a public and governmental body established for the purpose of planning, financing, developing and operating water and wastewater treatment and transmission facilities in Dickson County, Tennessee. Under Chapter 51 of the Tennessee Private Acts of 2001 ("Chapter 51"), the 1990 Private Act was amended which changed the name from Dickson County Water Authority to Water Authority of Dickson County ("Authority"). Also under Chapter 51, all powers of the Authority are vested in and exercised by a five-member Board of Commissioners. The Board of Commissioners consists of two commissioners from the former Turnbull-White Bluff Utility District, appointed by the Mayor of Dickson County, the Mayor of the City of Dickson, Tennessee, or the Mayor's designee, a member of the City Council of the City of Dickson, Tennessee, appointed by the Mayor, and a member at-large selected by the other four commissioners. The service area of the Water Authority of Dickson County was redefined in Chapter 51 to include all of Dickson County, Tennessee, other than service areas designated by the Mayor of Dickson County to existing utility districts.

III. SCOPE, INTENT, AND ADMINISTRATION OF DEBT MANAGEMENT POLICY:

The scope of this Policy shall apply to all debt obligations of the Authority whether issued for the purpose of acquisition, construction, or purchase of capital assets or equipment or the refinancing or restructuring of existing indebtedness. The intent of this Policy is to ensure the Board of Commissioners understand proposed debt transactions; and provide for the disclosure of the costs and associated risks of debt transactions. The Executive Director of the Water Authority of Dickson County, Tennessee (the "Authority") is charged with overseeing and implementing the provisions of this Policy.

It shall be the responsibility of the Executive Director or Designee to review and recommend to the Board of Commissioners specific plans for debt financing, refinancing, or restructuring approval; participate as a member of the financing team in the issuance of any debt obligations of the Authority; the selection of outside professionals (i.e. municipal advisors, underwriters, arbitrage rebate consultants, registration and paying agents, escrow agents, trustees, verification agents, feasibility or rate consultants, etc.); and preparation of proposed annual operating plans and budgets, capital expenditures policies and budgets, retained earnings plans and policies, capital improvement plans and policies, post issuance compliance policies and procedures, and continuing and material events policies and procedures .

IV. PURPOSE AND OBJECTIVE OF DEBT MANAGEMENT POLICY:

The purpose of debt management policy is to provide written guidelines incorporated by state or local governmental entities that establish the parameters for the issuance of debt and management of the total debt portfolio. In order to maximize total business efficiency, it is essential for debt management policy to be utilized in coordination with the annual operating plan and budget, capital expenditures budget, capital improvement plans and policies, retained earnings plans and policies of the Authority. In these boundaries debt is recognized as component of multiple revenue sources and expenditures outflows. The objectives of debt management policy are to:

- Establish debt as a component of total operational management strategy;
- Strengthen financial position and underlying credit ratings;
- Establish methodologies designed to ensure the lowest cost of capital;
- Establish methodologies to ensure issuance of valid, legal, and binding obligations;
- Establish competition to preserve and enhance access to the capital markets;
- Incorporate financial structures that provide for maximum financial flexibility;
- Eliminate or limit exposure to interest rate or other types of debt risk;
- Eliminate all conflicts of interest.

Additionally, the debt management policy of the Authority serves to:

- Clarify the objectives, nature, and purpose of debt to public officials and citizens;
- Provide clear objectives for issuer management and staff professionals;
- Distinguish debt management policy decisions from transaction decisions;
- Establish debt affordability limitations with respect to debt issued;
- Establish how debt obligations will be structured, priced, and sold;
- Establish the costs of debt issuance to include extraordinary and ongoing costs;
- Provide for transparency for customers, investors, and the public trust;
- Provide for timely continuing disclosure and reporting of notices of material events;

V. EXCEPTIONS TO DEBT MANAGEMENT POLICY:

Exceptions to the policy shall be approved by the Board of Commissioners of the Authority.

VI. PUBLIC TRANSPARENCY AND COST DISCLOSURE:

The Office of the Comptroller of the State of Tennessee has mandated Tennessee governmental entities and their instrumentalities that issue municipal securities to provide transparency of actions associated with the issuance of debt to the tax payers, rate payers, customers, investors, and public trust. The Authority shall comply with the legal requirements for notice and for public meetings related to the issuance of debt. In the interest of transparency, all costs (including interest, issuance, continuing, and one time) shall be disclosed to the citizens/customers, governing body, and other citizens in a timely manner.

The Authority shall comply with the policy of the State and the Executive Director or Chief Financial Officer of the Authority will at the direction of the Chairman of the Board of Commissioners cause for the following actions to occur:

- In accordance with Title 8 Chapter 44 Section 101 Et. Seq., Tennessee Code Annotated, as amended, all regular and special meetings of the Board of Commissioners of the Authority will be published and the attendance of rate payers encouraged.
- In accordance with the Title 9 Section 21 Section 101 Et. Seq., Tennessee Code Annotated, as amended, Reports of the State Director of Bond Finance will be published in a newspaper of general circulation in areas where the Authority serves customers of the System.
- The Authority will submit in accordance with the Code State Form CT-0253 will be filed with the Office of the Comptroller within 45 days of the closing date of debt issues.

VII. CONFLICTS OF INTEREST:

The Authority recognizes financial firms have been engaged to serve in multiple capacities such as financial advisor, underwriter, remarketing agent, liquidity agent, credit enhancement provider, swap advisor, swap broker, or swap counterparty where issuer or transaction interests were not aligned and gain to firms was at the direct or indirect expense of tax and rate payers. It is the policy of the Authority that any participant to any debt transaction shall not be permitted to engage in any activity where any actual or potential conflict of interest to those of the Authority may exist. The Authority does not deem for there to be a conflict of interest associated with debt transactions where payment of professionals is on a contingent basis. The Authority does not deem compensation of professionals for services provided to the Authority in the absence of conflict to the interests of the Authority to be a conflict of interest.

VIII. ACCOUNTING, BUDGETING, AND CAPITAL PLANNING:

The Office of the Comptroller of the State of Tennessee Division of Bond Finance has established guidance providing for enhanced transparency in connection with municipal debt transactions. Additionally, the Securities and Exchange Commission has issued guidance pertaining to the need for issuers of municipal securities to disclose financial statements and material events notices in a timely manner. The Authority directs practices to fully comply with State and Federal regulations to include:

- A. Certified Audited Financial Statements: In order to meet the requirements of the Private Acts of Tennessee Chapter 124 as amended in 2001 (the “Authority Act”) and Title 9 Chapter 3 Section 201 Et. Seq., Tennessee Code Annotated, as amended, the Authority is required to submit annual Certified Audited Financial Statements to the Office of the Comptroller of the State of Tennessee Division of Municipal Audit. The Annual Financial Statements of the Authority are prepared in accordance with the Standards of the Governmental Accounting Standards Board utilizing Generally Accepted Accounting Procedures.
- B. Quarterly Financial Statements: Financial regulatory reform discussions address the need for issuers of municipal securities to file Quarterly Financial Statements. The Authority may in the future disclose such information as appropriate or required. The Authority prepares Quarterly Financial Statements on a budget-basis. The Executive Director, Chief Financial Officer, or Controller of the Authority shall make such disclosures upon approval and acceptance of Quarterly Financial Statements by the Board of Commissioners at the direction of the Chairman of the Board.
- C. Annual Operating Budget: In accordance with Section 7 of the 1990 Private Acts of the State of Tennessee Chapter 124 and Title 9 Chapter 1 Section 116 Et. Seq., Tennessee Code Annotated, as amended, the Authority will prepare and adopt an Annual Operating Budget. The Annual Operating Budget will be presented by the Executive Director or Chief Financial Officer for the consideration of the Board of Commissioners prior to the end of the current fiscal year. Upon adoption of the Annual Operating Budget by the Board of Commissioners the Executive Director or Chief Financial Officer of the Authority will cause for submissions and advertisements as required under State of Tennessee law to occur at the direction of the Chairman. Additionally, the Chairman may direct the Executive Director or Chief Financial Officer of the Authority to submit the adopted, approved, and published Annual Operating Budget in searchable Adobe PDF format to the MSRB Electronic Municipal Access website not later than 10 days following publication.
- D. Capital Expenditures Budgets: The Executive Director or Chief Financial Officer of the Authority will prepare five year Capital Expenditures Budgets to be updated annually as a part of the Annual Operating Budget development and approval process. Details of the anticipated levels of capital expenditures shall be provided so appropriate financial plans may be developed and approved by the Board of Commissioners of the Authority. The Capital Improvement Expenditures Budget shall be presented annually with or subsequent to the Annual Operating Budget for approval by the Board of Commissioners of the Authority in accordance with the Authority’s Capital Improvement Policy.
- E. Long Term Capital Improvement Plan: The Authority advocates long term capital improvement planning in accordance with Government Finance Officers Association best practices. The Executive Director of the Authority shall prepare a long-term capital improvement plan to incorporate five, ten, and twenty year forecasts. The Capital Improvement Plan shall be updated annually. The Long Term Capital Improvement Plan shall include a listing of infrastructure needs taking into consideration the useful life of all existing capital assets of the Authority, timeline to replace or upgrade existing assets, expansion to new service areas, need to comply with new Environmental Protection Agency rules and regulations, need to comply

with new State of Tennessee rules and regulations, planned changes in highway infrastructure, advances or changes in technology, and need to perfect state of the art improvements to encourage and facilitate economic development and jobs initiatives in accordance with the Authority's Capital Improvement Policy.

IX. CREDIT RATINGS AND ENHANCEMENT:

Access to the capital markets at reasonable interest rates and credit terms is important to the efficient operations of the Authority. Moody's Investors Service, Standard & Poor's Corporation, and Fitch Investors Service represent the nation's three leading providers of public finance credit ratings. Underlying and issue-based debt ratings are released by the agencies upon receipt of application by the Issuer. The Authority presently maintains an "AA-Stable" underlying credit rating as issued by Standard & Poor's Corporation.

The Executive Director or Chief Financial Officer of the Authority will be responsible for maintaining relationships and communicating with the rating agencies. Annual financial statements, continuing disclosure submissions, and material events notices will be provided to the rating agencies and open lines of communication will be continued as required by the Authority.

It is the intent of the Authority to structure operations so as to provide the most thorough, cost-effective services through as stable manner as possible. The Authority should and does utilize a number of guidelines. With the development of the next year's operating and capital budgets, rates are evaluated in the Authority's Cost-of-Service model and publication.

The Authority shall actively engage in forecasting activities designed to provide for prudent and conservative estimates to assist in the establishment of revenue and expenditure structures. The Authority should provide for the following with respect to forecast revenues and expenditures:

FORECASTING REVENUES:

- The Authority will target user rates to fund a budget to produce debt service coverage ratios at the level of 1.75 times annual debt service;
- The Authority will target a balance of unrestricted/undesignated retained earnings at the minimum level of 300 days of annually budgeted operating expenditures;
- The Authority will investigate and implement any new and expanded revenue sources that can be legitimately developed within the context of the Authority mission and purpose.
- The Authority will maintain aggressive policies and practices with respect to revenue collections.
- The Authority will budget and estimate revenues at reasonable levels.
- The Authority will forecast revenues taking into consideration micro and macro-economic conditions and historical trends.
- In combination with each budget cycle, the Authority will regularly review and analyze rate and fee structures to ensure cost of service coverage.
- The Authority will develop proforma forecasts utilizing revenue increases which do not exceed the most recent five-year average year of year percentage rates of increase and/or decrease in annual System revenues unless it is anticipated new service areas or entities will be served and the amount of revenues projected to be received resulting therefrom may be incorporated into proforma estimates.

- The Authority will develop and annually review five, ten, and twenty-year projections to better anticipate long-term trends.

FORECASTING EXPENDITURES:

- The Authority will develop proforma forecasts utilizing expense increases which are not less than the most recent five-year average year of year percentage rates of increase and/or decrease in annual System expenses unless it is anticipated new service areas or entities will be served and the amount of expenses projected to be incurred resulting therefrom must be incorporated into proforma estimates.
- The Authority will develop, investigate, and implement new approaches to reduce the cost of services provided to the customers of the System.
- The Authority will maintain aggressive policies with respect to reduction of expenditures to lower cost to customers.
- The Authority will budget expenditures increases at reasonable levels.
- The Authority will forecast expenditures taking into consideration micro and macro-economic conditions and historical trends.
- The Authority will budget forecast expenditures to include all non-cash expenditures such as depreciation.
- The Authority will develop five, ten, and twenty-year projections to better anticipate long term trends.

CREDIT ENHANCEMENT:

The Authority may perform a cost/benefit analysis with the assistance of an independent public finance advisor on a per transaction basis with respect to the purchase of municipal bond credit enhancement to achieve issue specific credit ratings at a level higher than the Authority's underlying credit rating. The following types of credit enhancement shall be considered in the evaluation process:

- Municipal Bond Insurance: The Authority may purchase municipal bond insurance when deemed cost effective as determined when the cost of insurance is less than the present value of the differential in interest between insured versus uninsured debt obligations.
- Letters of Credit: The Authority may consider purchase of direct pay or stand-by letters of credit ("LOC") when utilization of such agreement is deemed cost effective as determined when the present value of the initial and ongoing costs of the letter of credit are less than the present value of the differential in interest cost between the letter of credit versus non-letter of credit backed debt obligations.
- Federal and State Guarantees: The Authority may choose to purchase credit enhancement instruments or guarantees of the United States or Agencies thereof or the State if deemed cost effective utilizing the present value methodologies under bond insurance or LOC'S.

X. AUTHORITY FOR AND PURPOSES OF DEBT:

The Authority for the issuance of debt is derived from the provisions of 1) Chapter 124 of the 1990 Private Acts of the State of Tennessee, as amended by Chapter 51 of the 2001 Private Acts of the State of Tennessee (the "Private Act"); and 2) the Local Government Public Obligations

Law of 1986, Title 9, Chapter 21, Tennessee Code Annotated (the "Code"), and other applicable provisions of law. The Private Act vests the Board of Commissioners of the Authority with full, absolute and complete authority and responsibility for the operation, management, conduct and control of the business and affairs of the Authority; including the power and authority to contract debts, borrow money, effect capital leases, enter into notes and loan agreements, and issue bonds and notes, including revenue bonds and revenue refunding bonds, and to secure such bonds and notes, all for the construction of any treatment works.

The Authority's issuance of its revenue bonds and revenue refunding bonds authorized by the Private Act shall be issued pursuant to the procedures set forth in and shall be governed by the applicable provisions of the Code, including provisions dealing with covenants permitted in bond resolutions, security and remedies of bondholders. The Authority may determine to refinance or restructure outstanding obligations or debt service requirements from time to time to accomplish one (1) or more of the following: cost savings to the public; (2) removal or modification of one, or more, restrictive covenants; or (3) payment or discharge of all or any part of an issue or series of outstanding obligations, including any interest thereon, in arrears or to become due and for the payment of which sufficient funds are not available, pursuant to the procedures set forth in and governed by the applicable provisions of the Code.

Removal or modification of restrictive covenants should provide for one (1) of several benefits to the Authority, including, providing for more effective Authority operations; restructuring transactions to lower annual debt service payments, achieving a more efficient total debt structure, or minimizing future interest rate risk; providing for increased system liquidity, operating margins, and debt service coverage ratios; enhancing opportunity to maintain or upgrade underlying credit ratings; or minimizing need for future customer rate increases.

XI. STATEMENT OF FINANCIAL AND CREDIT OBJECTIVES:

The Authority establishes the following as primary financial and credit objectives which should be addressed in plans submitted for the consideration of the Board of Commissioners with respect to the issuance of debt:

1. Statement of legal authority and purpose of debt;
2. Statement of operational, financial, and credit objectives to be accomplished by a proposed debt transaction;
3. Statement that transactions shall be structured to protect the credit position of the Authority and to enhance operating margins and debt service coverage ratios to strengthen underlying operational, financial and credit position;
4. Statement of purpose of principal amortization structure and effect to operational, financial, credit, and total debt structure and burden objectives;
5. Statement that transactions shall be structured to reduce or eliminate future interest rate, derivatives, market, and/or other types of financial risk to the Authority;
6. Statement that transactions shall be structured to provide for maximum financial flexibility, efficiency, and opportunity for the Authority in future years.
7. Statement that debt transaction will promote the interests of investors and customers of the System.

XII. AUTHORITY DEBT ISSUANCE GUIDELINES

The Authority clarifies and augments the guidelines for the issuance of debt provided by the State of Tennessee by establishing directives and policy substantially as prescribed by the Government Finance Officers Association Best Practice Debt Management Policy (1995 and 2003) as follows:

Debt limits;

1. Use of derivatives;
2. Debt structuring practices;
3. Debt issuance practices; and
4. Debt management practices.

1. DEBT LIMITS:

The Policy defines specific limits or acceptable ranges for each type of debt permitted for issuance by the Authority.

A. TOTAL DEBT LIMITS:

The Authority is not limited by the Tennessee Code Annotated in the amount of total debt which may be issued. The Authority does acknowledge the following recommended limitations in the amount of total debt which may be issued.

- (1) Total debt should not exceed a ratio of 75% of the total assets of the Authority;
- (2) Total debt should not exceed a ratio of \$7,500 per customer of the Authority;

B. DEBT POLICY LIMITS:

The Authority herewith adopts policy limits with respect the purposes for which debt may be issued; types of debt that may be issued; requirement for integration with capital improvement plan; and policy related to economic development efforts.

(1) PURPOSES OF DEBT ISSUANCE:

- (a) Constructing, acquiring, reconstructing, improving, bettering or extending any facility or system authorized;
- (b) Refunding or restructuring debt service requirements to effectuate cost savings to the public; removal or modification of one or more restrictive covenants; payment or discharge of all or any part of an issue or series of outstanding obligations, including any interest thereon, in arrears or to become due and for the payment of which sufficient funds are not available;
- (c) Capitalized interest during a construction period limited to six months following the estimated completion date of projects financed;
- (d) Reimbursement of preliminary expenses associated with a project in accordance with the provisions of the reimbursement resolutions adopted annually as included in the notes or appendix to the Annual Operating Budget; and

- (e) Reasonable costs for legal, engineering, fiscal, or other professional services rendered in association with the issuance of debt or projects financed.

(2) TYPES OF DEBT:

(a) SHORT TERM DEBT:

The Authority limits short term borrowing to include utilization of variable rate obligations to only those instances where such funding is of an interim nature and in anticipation of cash repayment, grant funding, or long term fixed rate debt; or there exists an extreme state of national economic instability beyond the Authority's control or ability to forecast when it becomes evident source revenues will be received subsequent to the time of funds need, provided the following:

- (i) BOND ANTICIPATION NOTES: To be utilized to fund capital improvements on an interim basis prior to the issuance of long term fixed rate debt when 1) fixed rates do not appear appropriate in comparison to historical annual average long term fixed debt rates; 2) cash is required in order for capital projects or improvements to be initiated prior to the issuance of long term fixed rate debt; 3) funding is required in connection with loans provided by state or federal governmental agencies; 4) the term of the bond anticipation note does not exceed two years; and 5) the bond anticipation note is not rolled over for more than two additional two years periods following initial issuance.
- (ii) REVENUE ANTICIPATION NOTES: It is the policy of the Authority NOT to borrow to finance operating expenses. The Authority may issue revenue anticipation notes to provide for a source of revenues in advance of the receipt of operating revenues only when there has been deemed by the Board of Commissioners that there exists an extreme state of national economic instability beyond the Authority's control or ability to forecast and only when it becomes evident operating revenues will be received subsequent to the need for funds.
- (iii) VARIABLE RATE DEMAND OBLIGATIONS: The Authority may issue variable rate demand obligations in the form of bond anticipation notes or revenue anticipations notes for the stipulated purposes and within stipulated limits.

(b) LONG TERM DEBT:

The Authority may on a fixed rate basis contract debt; borrow money; issue revenue, and revenue refunding, bonds; and undertake capital leases for the purposes provided this Policy in accordance with the applicable provisions of the 1990 Private Acts of the State of Tennessee Chapter 124 as amended by Chapter 51 and Title 9 Chapter 21 Section 101 Et. Seq., Tennessee Code Annotated, as amended.

- (i) REVENUE IMPROVEMENT BONDS: The Authority may issue revenue bonds to fund capital projects or improvements in accordance with Chapter 124 of 1990 Private Acts of Tennessee, as amended, and Section 9-21-301 et. seq. of the Tennessee Code Annotated, as amended and applicable covenants of existing bond resolutions. The costs associated with capital projects or improvements are eligible for reimbursement from bond proceeds. Costs of issuance, debt service reserve funds, capitalized interest, or other costs incurred with debt funding may

be included in the debt to finance capital projects and improvement costs and are fully eligible for reimbursement from bond proceeds.

- (ii) REVENUE REFUNDING BONDS: Section 9-21-1001(b) of the Code states no revenue refunding bonds shall be issued unless the governing body of the Authority shall make a finding that one (1) or more of the following purposes may be accomplished including cost savings to the public; removal or modification of one or more restrictive covenants; or payment or discharge of all or any part of an issue or series of outstanding obligations, including any interest thereon, in arrears or to become due and for the payment of which sufficient funds are not available. Section 9-21-1002 of the Code provides a determination by the governing body shall be conclusive on whether any refunding is advantageous or necessary to the local government.
- (c) FEDERAL AND STATE LOAN FUNDS: The Authority may from time to time choose to borrow funds from the United States Department of Agriculture or State of Tennessee Revolving Funds. Determination of utilization of such funds shall be directed to ensure the protections under 7 USC Section 1926 (b); reduced interest rates; reduced costs of issuance; and effect to operational, financial, and credit objectives.
- (d) CAPITAL AND OPERATING LEASES: The Authority may from time to time choose to enter capital or operating leases to achieve enhanced operating or financial efficiencies. The Authority shall consider use of such products in comparison to the costs and rates associated with other financial instruments and such product shall only be utilized if mathematically proven to provide a cost benefit and only to the extent such products assist the Authority to achieve stated operational, financial, and credit objectives.
- (e) CONDUIT AND HYBRID DEBT: The Authority shall not issue debt through conduit issuers excepting in such instances when there is a definitive positive mathematical verification of any cost benefit to be derived from such activity. The Authority shall not undertake to issue debt that is hybrid in nature and is not listed or considered in this Policy.
- (f) INTEGRATION OF CAPITAL IMPROVEMENT PLAN: The Authority shall make a determination prior to the issuance of any debt that such undertaking is in compliance with this Policy; sets forth the statement of financial and credit objectives; and is a fully integrated component of annually updated capital expenditures budgets and capital improvement plans.
- (g) ECONOMIC DEVELOPMENT DEBT: The Authority should interact on a regular basis with agencies of the City of Dickson, Dickson, Hickman, and Williamson Counties, Regional Economic Development Authorities; State of Tennessee, and United States to facilitate the growth of the economy and service area to the extent the quality of life of the residents of the service area is deemed to be enhanced and enriched. The Authority shall integrate economic development planning and initiatives into annually updated capital expenditures budgets and capital improvement plans. The Authority shall dutifully consider any need to issue debt in connection with economic development efforts to recruit more and better

paying jobs to the service area in full consideration of the limits constructed by the operational, financial, and credit objectives of the Authority and resulting rate structure to its customers.

- (h) OTHER DEBT INSTRUCTIONS AND RESTRICTIONS: The Authority will not borrow to finance operating expenses except under extraordinary circumstances as described herein; will adopt resolutions authorizing the reimbursement of operating funds expended for capital projects or improvements from the proceeds of debt prior to such expenditure of funds annually to be included in the notes of each Annual Operating Budget; will utilize long term fixed rate debt which will not exceed a term of 40 years in compliance with the Code; and the maturity of debt will not exceed 120% of the average weighted useful life of the projects or improvements for which the debt is issued in compliance with the requirements of the U.S. Internal Revenue Service; and each project proposed for financing through debt issuance will have an analysis performed for review of rate impact and future operating costs as described herein.

C. DEBT FINANCIAL AND AFFORDABILITY LIMITS:

The Tennessee Code Annotated, as amended, does not provide for the limitation of indebtedness for the State or local government entities or instrumentalities. The Authority through this Policy implements limitations regarding the amount and affordability of debt issued.

- (1) Net Revenues for the fiscal year prior to the issuance of debt shall equal 125% of the maximum annual debt service requirement taking into consideration the issuance of additional parity indebtedness; or
- (2) Net Revenues for successive fiscal years after the issuance of debt shall equal 120% of the annual debt service taking into consideration the issuance of additional parity indebtedness;
- (3) The Authority will target user rates to fund a budget to produce debt service coverage ratios at the level of 1.75 times annual debt service;
- (4) The Authority will investigate, and implement any new and expanded revenue sources that can be legitimately developed within the context of the Authority mission and purpose; and target a balance of unrestricted/undesignated retained earnings at the minimum level of 300 days of annually budgeted operating expenditures;
- (5) The Authority will forecast revenues and expenditures taking into consideration micro and macro-economic conditions and historical trends.
- (6) The Authority will regularly review and analyze rate and fee structures to ensure cost of service and debt coverage.
- (7) The Authority will develop proforma forecasts utilizing revenue increases which do not exceed the most recent five year average year over year percentage rates of increase and/or decrease in annual System revenues unless it is 1) anticipated new service areas or entities will be served and the amount of revenues projected to be received resulting therefrom may be incorporated into proforma estimates or 2)

specific and planned rate increases are implemented and revenues received resulting therefrom may be incorporated into proforma estimates.

- (8) The Authority will develop proforma forecasts utilizing expense increases which are not less than the most recent five-year average year over year percentage rates of increase and/or decrease in annual System expenses unless it is anticipated existing service areas or entities will not be served and the amount of expenses projected to be incurred resulting therefrom must be incorporated into proforma estimates.
- (9) The Authority will budget revenue increases at a level of not to exceed the lowest year of the most recent five annual average percentage rates of the United States Consumer Price Index unless it is anticipated new service areas will be served and then by only the amount of connections to existing residential, commercial, or industrial establishments which will be served.
- (10) The Authority will update ratio analysis on an annual basis.
- (11) All ratios will be calculated each year in conjunction with the Annual Operating Budget and Certified Annual Financial Statements and included in the notes thereto.

2. USE OF DERIVATIVES:

The Authority recognizes that use of credit derivatives has increased dramatically over the last two decades. The Authority understands there are many Tennessee municipalities which remain in loss positions due to the utilization of OTC derivatives. The Authority is aware the OTC derivatives market is unregulated and little is known about the actual downside risk associated with the market for such products. The Authority shall not engage in transactions that incorporate any derivative products or products which could be deemed to be derivative products.

3. DEBT STRUCTURING PRACTICES:

The Authority shall adhere to the following practices with respect to the structuring of debt for all types of debt issued or borrowed with respect to maximum term; capitalized interest; debt service structure; optional redemption provisions; mandatory sinking fund redemption provisions; interest rate classes; original issue discounts and premiums; capital appreciation or zero-coupon bonds; synthetic products; escrow structuring or restructuring; and arbitrage compliance. All debt structures shall be subject to the public transparency and cost disclosure guidelines as established in this Policy.

A. TERM OF DEBT:

All debt of the Authority will be structured to mature in a term not to exceed 40 years in compliance with the Code. This Policy requires clear disclosure of the terms and life of each debt issue to include principal and interest payments and such disclosure must include a debt service schedule outlining the rate of retirement for the principal amount. This policy provides for deferral of payment of principal; requires specific justification for each deferral; and does not provide for blanket approval for the deferral of principal payments. In establishing the term of debt the Authority shall consider the following:

- (1) The useful life of assets financed and the weighted average maturity of tax-exempt bonds shall not exceed 120% of the weighted average useful life of the capital assets financed by debt;
- (2) Effect of debt term to the stated operating, financial and credit objectives;
- (3) The level and term structure of interest rates at the time of debt financing;
- (4) Effect of debt term to debt affordability guidelines provided in this Policy;
- (5) Issues of fundamental fairness in the setting of generational customer rates;

B. CAPITALIZED INTEREST:

The Authority may choose to add to the amount of debt issued capitalized interest during a construction period limited to six months following the estimated completion date of projects financed in accordance with the provisions of the Tennessee Code Annotated, as amended.

C. DEBT SERVICE STRUCTURE:

The debt of the Authority shall be structured to promote operational, financial, and credit strength. Appropriate debt service structure shall provide for debt affordability as defined in this Policy. Suitable debt structure shall consider existing, contemplated debt restructuring, and need to incorporate debt to achieve capital expenditure and improvement plans. The weighted average life, weighted average interest cost, legal term of indebtedness, proposed optional and mandatory sinking fund redemption provisions, shall be taken into consideration in the determination of selected debt structure alternatives. The Authority may choose to defer principal amortization in consideration of existing level and term structure of interest rates and total aggregate debt structure. If the Authority should choose to defer principal amortization for a period of greater than five years deposits to unrestricted/undesignated accounts shall be deposited to such accounts in an amount equal to the differential between actual debt service requirements and level debt service payments in years five (5) and thereafter as calculated utilizing rates provided at the time of debt issuance.

D. OPTIONAL REDEMPTION PROVISIONS:

The Authority shall include optional redemption provisions in association with debt issued to generally not exceed ten (10) years for the dated date of the issue. The Authority shall include an optional redemption price that does not exceed 102% of the par value of bonds outstanding at the time of optional redemption. The Authority shall undertake to achieve redemption dates of as close to the dated date of issuance as possible at the lowest redemption price possible in consideration of rates and yields bid or offered in connection with issues of debt.

E. MANDATORY SINKING FUND REDEMPTION PROVISIONS:

The Authority shall allow for the issuance of term bonds with mandatory sinking fund redemption provisions in accordance with the Debt Service Structure provisions of this Policy.

F. ORIGINAL ISSUE DISCOUNT AND PREMIUM:

The Authority shall allow for original issue discounts ("OID") and premiums ("OIP") to be bid or offered in connection with debt issues. The Authority anticipates market conditions shall vary and efficiencies may exist in certain maturities where OID and OIP result in net OID or OIP. The Authority requires for yield to call and yield to maturity to be calculated in connection with each debt issue maturity and presented in a conspicuous side by side comparison for all maturities with accompanying explanation in layman terms of the financial effect to the Authority.

G. INTEREST RATE CLASSES:

Interest rate classes consist of fixed, variable, zero coupon, and synthetic structures. The Authority has stated a predisposition against the utilization of zero coupon and synthetic structures.

(1) FIXED RATE DEBT:

The Authority shall utilize fixed rate debt to finance and refinance debt obligations except under certain circumstances as heretofore detailed under Short Term Debt in this Policy.

(2) VARIABLE RATE DEBT:

The Authority should not utilize variable rate debt that exceeds a level of 20% of the amount of total indebtedness of the Authority. The Authority may from time to time utilize variable rate debt under certain circumstances as heretofore detailed under Short Term Debt in this Policy.

(3) ZERO INTEREST AND CAPITAL APPRECIATION BONDS:

It is possible that the issuance of zero coupon or capital appreciation bonds may provide for efficiency in certain market conditions. The Authority shall only consider utilization of zero coupon or capital appreciation bonds where there exists clear and present benefit versus cost as proved mathematically and contrasted to par, OID, and OIP structures.

(4) SYNTHETIC (OTC DERIVATIVE) STRUCTURES:

The Authority shall not engage in the use of synthetic or derivative products.

H. ESCROW STRUCTURING, RESTRUCTURING, AND ARBITRAGE ANALYSIS:

The Authority shall consider utilization of State and Local Government Series (SLGS) securities of the United State Treasury and appropriately rated Open Market Securities (OMS) in the structuring or restructuring of refunding or defeasance escrows in consultation with its municipal advisor. Optimization analysis shall be performed to ensure refunding escrow portfolios avoid as much negative arbitrage as possible. If an OMS portfolio of securities provides for the low cost alternative for the Authority certification shall be obtained by the municipal advisor to the Authority stating such

securities were selected through a competitive bid process , selection of OMS portfolio has been mathematically demonstrated to be more cost effective than a SLGS portfolio, that at least three firms were provided opportunity to submit OMS portfolio bids, and that the price paid for the OMS portfolio is deemed reasonable under the provisions of applicable Internal Revenue Service requirements.

The Authority is aware of actions by Standard & Poor's to change the sovereign credit rating of the United States from AAA Stable to AA+. The Authority is aware the sovereign credit rating of the United States is downgraded escrow requirements for investment of such funds in obligations of entities rated in the Aaa/AAA/AAA categories by the major credit rating agencies may cause need for escrows across the nation to be considered for potential replacement of portfolio securities. The Authority is aware that the State of Tennessee has responded to the downgrade of the US Credit rating, by providing for permitted investment by utility systems that aligns with such actions.

4. DEBT ISSUANCE PRACTICES:

The Authority shall adhere to the following debt issuance practices in determination of method of sale.

A. METHOD OF SALE:

The Chairman of the Authority or Designee shall determine the method of debt issuance on a per issue basis in consideration of benefits under existing market conditions at the time of debt issuance and may consult with a municipal advisor that is a Certified Independent Public Municipal Advisor ("CIPMA") by the National Association of Municipal Advisors ("NAMA"). CIPMA'S are independent municipal advisor firms that are not bank or broker dealer firms and do not engage in the underwriting of municipals securities or lending to municipal entities. CIPMA'S solely represent the interests of issuers and function in fiduciary capacity in the complete absence of conflict to the interests of issuers. The Authority may utilize the negotiated sale of debt under any circumstances under applicable provisions of the Tennessee Code Annotated, as amended.

In competitive sale of securities municipal advisors shall not be permitted to bid on debt issues of the Authority for which advisory services are or have been provided as the Authority would consider bank and broker dealer firms to be in positions of conflict to the interests of the Authority. Furthermore, a municipal advisor to the Authority shall not be granted authority in writing to submit bids for the securities of the Authority regardless of how widely or publically advertised the competitive sale, the hours such sale will be scheduled to occur, the industry standard electronic bidding platform utilized regardless of requirement for verification by the municipal advisor, and any fee to be paid to any professional services firm shall be billed separately and disclosed fully or such fees shall not be paid.

In negotiated sale of securities, the Authority's municipal advisor shall not be permitted to resign as municipal advisor in order to underwrite an issue for which they are or have been providing advisory services as the Authority would consider such action to be in direct conflict with the interests of the Authority. Furthermore, the Authority shall not make allowance for a municipal advisor to resign in advance of negotiations in order

to underwrite a debt issue for which the firm is or has been providing advisory services as the Authority would consider such action to be in direct conflict with the interests of the Authority.

(1) COMPETITIVE SALE: The Authority recognizes there may exist from time to time market conditions where the competitive sale of debt is in the best interests of the Authority and its customers. In a competitive sale of debt, the Authority, in accordance with confirmation and recommendation of municipal advisor, shall award debt to the bidder providing the lowest true interest cost provided the bid submitted is consistent with the terms set forth in the official notice of sale issued in connection with a debt issue. The market rationale the Authority shall follow in the selection of a competitive sale method is generally as follows:

- (a) A competitive sale is deemed to provide for a reduced level of underwriter's discount, rates of interest, and true interest cost;
- (b) A period of market stability exists where rates are trending downward and underwriters may be expected to bid lower than current market rates in anticipation rates will continue to a downward trend;
- (c) The supply of municipal bonds in the market is substantially lower than traditional averages and underwriters may have orders to fill at rates below those otherwise available to offset volatility of risk interest rates may rise between the time of bid submitted and sale of bonds;
- (d) The underlying credit rating of the Authority continues to increase making debt issued attractive to a broader scope of the municipal marketplace; and
- (e) The par amount of debt issued is deemed to be appropriate for competitive sale.

(2) NEGOTIATED SALE: The Authority recognizes that there may exist market conditions where the sale of debt through negotiation is in the best interests of the Authority and its customers. In a negotiated sale of debt, the Authority will distribute an RFP for underwriter services that requests information. The responses to RFP shall be reviewed by the municipal advisor and Chairman of the Authority or Designee and one or more underwriting firms shall be selected to negotiate the debt issue. The market rationale the Authority shall follow in the selection of a negotiated sale method is generally as follows:

- (a) A negotiated sale is deemed to provide for a reduced level of underwriter's discount, rates or interest, and true interest cost;
- (b) A period of market instability exists where rates are volatile or trending upward and underwriters require greater flexibility to react that is provided through negotiated sale method;
- (c) The supply of municipal bonds in the market is at average or higher than average levels and underwriters need the ability to have access to product to fill the client orders on an immediate basis;

- (d) The underlying credit rating of the Authority is lowered making debt issued attractive to a reduced scope of the municipal marketplace; and
 - (e) The par amount of debt issued is deemed to be inappropriate for competitive sale.
- (3) PRIVATE PLACEMENT: The Authority may elect to privately place debt. The Authority will not act to privately place an issue of debt unless it has established this method of sale will result in a clear, public, and uncontested cost savings to System customers.

B. SELECTION OF TRANSACTION PROFESSIONALS:

The Authority shall from time to time enlist the services of financial, legal, engineering, and other professional services providers to assist their efforts to issue debt. The Authority shall require all professionals engaged in the process of issuing debt to clearly disclose in contracts or letters of engagement all compensation and consideration to be received by professional service providers, lenders, conduit issuers, and other transaction participants to include soft costs, compensations in lieu of direct payments, and ongoing costs.

- (1) MUNICIPAL/FINANCIAL ADVISOR: The first participant selected in any debt management or transaction process shall be an certified independent municipal advisor, duly registered with the Municipal Securities Rulemaking Board ("MSRB") and United States Securities and Exchange Commission ("SEC"), and regulated by the SEC. A municipal advisor shall be professionally qualified as a Certified Public Municipal Advisor ("CIPMA") and shall not be a bank or broker dealer of municipal securities. A municipal advisor shall enter into a contract with the Authority stipulating the municipal advisor shall represent the interests of the Authority and only the Authority in fiduciary capacity in compliance with the provisions of the Dodd-Frank Act; represent the interests of the Authority in the absence of any real or potentially perceived conflict of interest to those of the Authority; setting forth the scope of services to be provided by the firm; and setting forth and clearly defining all forms of compensation.
- (2) BOND COUNSEL: The municipal advisor shall prepare and issue upon the instruction of the Chairman of the Board of Commissioners a Request for Proposal ("RFP") for bond counsel services which shall be distributed to firms conducting such business in state, regionally, and nationally. Bond counsel shall demonstrate ability and experience within the municipal securities industry in connection with issues of utility debt. The bond counsel must be a member firm of the National Association of Bond Lawyers and be considered to be a "Red Book" firm. The Authority shall enter into an engagement letter agreement with each lawyer or law firm participating in a debt transaction. No engagement letter shall be required for any lawyer who is an employee of the Authority or lawyer or law firm under general appointment or contract to serve as counsel to the Authority. The Authority shall consider industry experience, legal experience, scope of firm services, transaction experience, bond counsel biographies, and cost of services in the determination and selection process.

(3) UNDERWRITER SELECTION (NEGOTIATED TRANSACTION: The Authority's municipal advisor shall prepare and issue upon the instruction of the Chairman of the Board of Commissioners or Designee RFP for Underwriter Services which shall be distributed to firms making market in municipal securities and loans in state, regionally, and nationally. The underwriter shall demonstrate ability and experience within the municipal securities industry in connection with issues of utility debt. The Underwriter must be regulated by the Office of the Comptroller of the Currency; Securities and Exchange Commission; Financial Industry Regulatory Authority; or other national Self-Regulatory Organization. The Authority shall consider industry experience, market experience, scope of services, transaction experience, distribution capability, underwriting team biographies, and cost of services among other factors in the determination and selection process. The Authority may choose to select transaction co-managers utilizing the criteria outlined in the RFP. Co-managers may be added to specific transactions to maximize demand for and distribution of the obligations of the Authority to effectuate the lowest possible interest costs. Additionally, the Authority may appoint underwriting firms to selling groups to further enhance demand for the obligations of the Authority.

- (a) UNDERWRITER'S COUNSEL: In a negotiated sale where legal counsel is required to represent the interests of the underwriter the appointment will be made by the senior manager subject to the approval of the Authority.
- (b) PRESALE ACTIVITIES: The Chairman or Designee shall review with the municipal advisor proposed underwriter rates and yields. The municipal advisor shall conduct analysis, make determination, and report to the Chairman or Designee opinion regarding pricing fairness and competitiveness. The Authority recognizes the markets are in perpetual motion and reserves the right to pull transactions should market factors move against the interests of the Authority.
- (c) UNDERWRITER'S DISCOUNT: The Chairman or Designee, with the assistance of the municipal advisor, will evaluate the proposed underwriter's discount established in response to the RFP for Underwriter Services. Where there are several underwriters the Chairman or Designee may choose to determine allocation of management fee.
- (d) UNDERWRITER EVALUATION: The Chairman or Designee working with the municipal advisor shall provide for written evaluation of each debt issue taking into consideration final underwriters compensation, debt rate and yield structure, total interest cost, true interest cost, bond distribution, and sales commissions. The evaluation shall compare and contrast performance in connection with a debt issue versus other debt issues in the market at and near the time of final debt pricing.
- (e) UNDERWRITER POLICIES: The Chairman or Designee may prepare policies that provide for designation of debt sales and commissions. In underwriting syndicates presale orders shall be group net designated and the Authority shall require the senior manager to provide for equitable allocation of bonds to other managers and selling group members; comply with MSRB regulations concerning order priority; and submit in a timely manner to the Chairman or

Designee and municipal advisor the final details of orders, allocations, and such information as the Chairman or Designee or municipal advisor shall request.

- (4) REGISTRATION, PAYING, OR ESCROW AGENT: The Authority's municipal advisor shall prepare and issue upon the instruction of the Chairman of the Board of Commissioners an RFP for Registration, Paying Agent, or Escrow Agent ("Registration Agent") which shall be distributed to firms making market in corporate trust business for state and local government entities and their instrumentalities in state, regionally, and nationally. The Registration Agent shall have demonstrated ability and experience within the municipal securities industry in connection with issues of utility debt. The Registration agent shall be a national or state chartered banking institution and regulated by the Office of the Comptroller of the Currency or State Banking Commission. The Authority shall consider industry experience, market experience, scope of services, transaction experience, corporate trust team biographies, and cost of services among other factors in the determination and selection process.
- (5) VERIFICATION AGENT: The Authority's municipal advisor shall prepare and issue upon the instruction of the Chairman of the Board of Commissioners an RFP for Verification Agent services in connection with advance refunding issues or other transactions involving debt defeasance. This RFP shall be distributed to firms making market in such business for state and local government entities and their instrumentalities in state, regionally, and nationally. The Verification Agent shall have demonstrated ability and experience within the municipal securities industry in connection with issues of utility debt. The Verification Agent shall be a Certified Public Accountant or firm of Certified Public Accountants having passed the Uniform Certified Public Accountant Examination of the American Institute of Certified Public Accountants as administered by the National Association of State Boards of Accountancy. The Authority shall consider the industry experience, market experience, scope of services, transaction experience, firm biographies, and cost of services among other factors in the determination and selection process.
- (6) OTHER PROFESSIONAL SERVICES: The Authority recognizes the engagement of other professional service providers in connection with debt transactions may from time to time be required or cost effective. Upon such requirement or estimation of cost effectiveness the Authority's municipal advisor shall prepare and issue upon the instruction of the Chairman of the Board of Commissioners and RFP for the types of services deemed requisite or appropriate which will be distributed to firms making market in such business for state and local government entities and their instrumentalities in state, regionally, and nationally. Professional service providers shall be required to be duly licensed and certified in their particular fields of expertise. The Authority shall consider the industry experience, scope of services, transaction experience, firm biographies, and costs of services among other factors in the determination and selection process.

- (7) OTHER COSTS: The Authority may incur costs of advertising notices of sale and detailed notices of sale in connection with the competitive sale of debt. Additionally, the Authority may incur costs associated with printing, engraving, copying, reimbursement of out of pocket travel expenses, or other costs which may be specific to a particular financing. The Authority shall incorporate competition where appropriate in efforts to reduce such costs of issuance which shall be fully disclosed and subject to the Public Transparency and Disclosure provisions of this Policy.

C. COMPARISON AND BENCHMARKING OF BOND PRICING:

The Chairman of the Board of Commissioners or Designee shall instruct the municipal advisor to provide written evidence of competitive pricing of debt issued. The municipal advisor shall utilize information collected from the senior manager; Bloomberg Information Services; Bond Buyer; Standard & Poor's Corporation; Securities Industry Financial Markets Association; MSRB EMMA, among other sources to benchmark and contrast rates and yields associated with debt issued by the Authority and rates established in connection with of issuers of like type, credit rating, principal amortization structure, rate and yield structure, optional redemption provisions, term of debt, among other factors to make determination and report to the Chairman or Designee with respect to pricing fairness and competitiveness.

D. UTILIZATION OF CREDIT RATINGS:

The Authority currently maintains an underlying credit rating at the level of "AA-Stable" as issued by Standard & Poor's Corporation. The Authority has not requested to be rated by either Moody's Investors Service or Fitch Investors Service and is not presently considering additional credit ratings.

XIII. CONTINUING AND MATERIAL EVENTS DISCLOSURE:

The Authority is aware that Rule 15c2-12 of the Securities and Exchange Act of 1934 sets forth certain obligations of (i) underwriters to receive, review and disseminate official statements prepared by issuers of most primary offerings of municipal securities, (ii) underwriters to obtain continuing disclosure agreements from issuers and other obligated persons to provide material event disclosures and annual financial information on a continuing basis, and (iii) broker-dealers to have access to such continuing disclosure in order to make recommendations of municipal securities in the secondary market. The Authority shall undertake to make available such information to the bank or broker dealer community as is requested and comply with the terms of Continuing Disclosure Agreements executed in connection with all bonded indebtedness. The Authority shall promptly disclose any and all deemed Material Events in accordance with applicable law.

A. CONTINUING DISCLOSURE AGREEMENTS:

In order to meet the obligations of the Continuing Disclosure Agreement executed by the Authority in association with all capital markets transactions will upload annual Certified Audited Financial Statements of the Authority in searchable Adobe PDF format to the MSRB Electronic Municipal Market Access website not later than the requirements of Continuing Disclosure Agreements associated with municipal securities issues following the final day of each fiscal year. The same information must be uploaded, along with

Annual Operating Reports, in compliance with Continuing Disclosure Agreements executed in connection with the closing of municipal securities transactions. The Authority is aware the timeline for reporting as are detailed in related Continuing Disclosure Agreements, or Undertakings. The Authority will monitor such discussions and disclose information as appropriate to comply with the terms of Continuing Disclosure Agreements and make changes to this Policy accordingly. The Chief Financial Officer and Executive Director of the Authority shall make such disclosures upon approval and acceptance of Certified Audited Financial Statements by the Board of Commissioners at the direction of the Chairman of the Board.

B. MATERIAL EVENTS DISCLOSURE:

The Continuing Disclosure Agreements of the Authority require for the reporting of events which may be deemed to materially affect the ability of the Authority to make timely payment of periodic debt service requirements. Such event are required to be reported within 10 days of occurrence through upload of Material Events Notice in searchable PDF format to the MSRB Electronic Municipal Market Access website ("EMMA") and to the NRMSIRS listed in securities Continuing Disclosure Agreements. The Executive Director, Chief Financial Officer, or Controller of the Authority shall make such disclosures of Material Events upon notification of the Board of Commissioners of the Authority in writing at the direction of the Chairman of the Board after consultation with legal counsel. See Attachment D hereto. Federal regulatory authorities deem material events which may occur from time to time for which such notices in accordance with the law are be issued are as follows:

- (1) Principal and Interest delinquencies;
- (2) Non-payment-related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of issuer security;
- (7) Modifications to rights of bond holders;
- (8) Bond Calls, redemptions, or tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sales of property securing repayment of the securities
- (11) Credit rating or outlook changes;
- (12) Merger, acquisition or sale of all issuer assets;
- (13) Failure to provide annual financial information is required;
- (14) Appointment of successor trustee;
- (15) Other material event notice (specify) _____

XIV. ADOPTION OF REIMBURSEMENT RESOLUTIONS:

The Authority shall from time to time adopt reimbursement resolutions stating intent to reimburse operating accounts from proceeds generated through the sale of tax-exempt or taxable debt to include operating funds disbursed for the purpose of 1) constructing additions or improvements to the infrastructure of the System; 2) purchasing equipment; 3) defeasing or retiring any outstanding indebtedness; 4) paying the costs associated with engineering, architectural, or other professional services associated with any additions or improvement to System infrastructure or other incident thereto; or 5) paying the costs associated with the

issuance of tax-exempt or taxable debt. Reimbursement resolutions shall be adopted by the Board of Commissioners 60 days prior to the expenditure of operating funds for capital projects or equipment. The adoption of the reimbursement resolution will not require the Authority to issue debt to reimburse capital expenditures. The adoption of the reimbursement resolution is intended to provide financial flexibility to assist the Authority to achieve financial efficiencies that may exist from time to time.

XV. DEBT MANAGEMENT PRACTICES:

The Authority's debt management policy provides guidance for ongoing administrative activities including:

- A. **INVESTMENT OF BOND PROCEEDS:** The proceeds resulting from the issuance of bonds shall be invested in accordance with the provisions stated within the bond covenants.
- B. **PRIMARY AND SECONDARY MARKET DISCLOSURE PRACTICES:** The Authority directs practices to fully comply with State and Federal regulations as are fully outlined in Section VII of this Policy. Additionally, the Authority directs an approach to market and investor relations as outlined in this Policy.
- C. **POST ISSUANCE COMPLIANCE POLICY:** The Authority sets forth policies designed to monitor post issuance compliance matters for debt issued to conform with applicable provisions of the Internal Revenue Code of 1986 (the "IRS Code") and underlying regulations (the "Treasury Regulations"). The Policy documents existing practices and describes procedures and systems to demonstrate compliance with the IRS Code and Treasury Regulations following the issuance of tax-exempt obligations (the "Obligations") so that associated interest on the Obligations shall continue to be excludable from gross income for federal income tax purposes. The Authority recognizes post issuance compliance is a continuing process under the IRS Code and Treasury Regulations while tax-exempt debt is outstanding and such compliance is necessary to the Debt Management Policy. The Authority will require continuing analysis and execution of Post Issuance Compliance Policy and may require from time to time consultation with the Authority's municipal advisor, bond counsel, accounting firm, or other professionals beyond the scope of engagement associated with the issuance one or more issues of bonds.
- D. **ARBITRAGE REBATE AND MONITORING:** Section 148 of the Internal Revenue Code sets forth general arbitrage and rebate requirements for issuers of tax-exempt bonds. The general rule is that any non-excepted arbitrage earned must be returned to the federal government at least every five years and at final maturity. There are several exceptions to the rebate requirement. If any one of these exceptions is met, all or a portion of the bond proceeds are not subject to rebate. Please see Attachment E hereto for a copy of requirements of Title 26 Section 148 of the U.S. Internal Revenue Code as related to arbitrage rules. The Authority shall monitor rebate requirements as may exist in connection with tax-exempt debt issues and confirming calculations shall be performed annually by a Certified Public Accountant or Certified Independent Public Finance Advisor. Arbitrage rebate calculations shall be performed prior to the closing of each fiscal year and the results reported in the notes of the Certified Annual

Financial Reports of the Authority. The Authority is in compliance with the arbitrage rebate requirements in association with outstanding tax-exempt indebtedness.

- E. **FEDERAL AND STATE LAW COMPLIANCE PRACTICES:** The Authority shall fully comply with all local, state, and federal statutes and laws. The Authority undertakes internal due diligence practices designed to locate potentially problematic areas and provide corrective response. The Authority shall continue to be proactive in efforts to comply with the law and disclose to appropriate agencies instances where non-compliance shall exist. To the best of its knowledge the Authority is in full compliance with all local, state, and federal statutes and laws.
- F. **MARKET AND INVESTOR RELATIONS:** The Office of the Comptroller of the State of Tennessee Division of Bond Finance has established guidelines providing for enhanced transparency in connection with municipal debt transactions. The Securities and Exchange Commission has issued guidance pertaining to the need for issuers of municipal securities to disclose financial statements and material events notices in accordance with the law. The Authority encourages the scrutiny of the market, credit rating agencies, and prioritizes the importance of good relations with the citizens and institutions that have invested in its debt obligations. The Authority understand those who have invested in its debt obligations have a vested interest in the operational, financial, and credit fundamentals of the organization and shall treat investors as stakeholders in the affairs of the Authority. The Authority shall continue institute measures to foster good relations with market professionals and investors through commitment to the achievement of excellence in association with all parties of interest to its continued successful operations. The Authority shall strive to achieve the highest standards of professionalism in the timely reporting of information to comply with continuing disclosure agreements and material events notices and continue to assist market professionals and investors to obtain requested information.

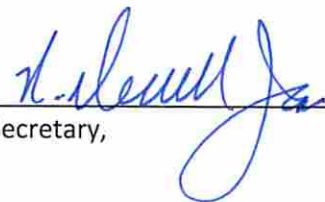
XVI. CHANGES TO DEBT POLICY:

It is stipulated by the Authority that any change to this Policy may adversely impact operating, financial, or credit strength and position. It is contemplated that the Authority may from time to time amend or modify this Policy to enhance the ability to achieve the objectives stated herein or incorporate new policies that fundamentally strengthen its underlying financial position and credit strength.

ADOPTED AND APPROVED, THIS ____ TH DAY OF AUGUST, 2018


Chairman,

ATTEST:


Secretary,



SEAL OF THE AUTHORITY

ATTACHMENT A -- MINIMUM LANGUAGE

(State of Tennessee Comptroller Release Dated July 20, 2011)

1. TRANSPARENCY:

- The Entity shall comply with legal requirements for notice and for public meetings related to debt issuance. In the interest of transparency, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens/members, governing body, and other stakeholders in a timely manner. *(The method for disclosure of costs and other information, including documentation of compliance with the policy, shall be developed and outlined in the policy.)*

2. PROFESSIONALS:

- The Entity shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Entity and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.
- Counsel ⁱ: The Entity shall enter into an engagement letter agreement with each lawyer or law firm representing the Entity in a debt transaction. *(No engagement letter is required for any lawyer who is an employee of the Entity or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Entity. The Entity does not need an engagement letter with counsel not representing the Entity, such as underwriters’ counsel.)*
- Financial Advisor ⁱⁱ: If the Entity chooses to hire financial advisors, the Entity shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions.

Whether in a competitive or negotiated sale, the financial advisor shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services for the issuance.

- Underwriter: If there is an underwriter, the Entity shall require the Underwriter to clearly identify itself in writing (e.g., in a response to a request for proposals or in promotional materials provided to an issuer) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Entity with respect to that issue. The Underwriter must clarify its primary role as a purchaser of securities in an arm’s-length commercial transaction and that it has financial and other interests that differ from those of the Entity. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the governing body *(or its designated official)* in advance of the pricing of the debt.

3. CONFLICTS:

- Professionals involved in a debt transaction hired or compensated by the Entity shall be required to disclose to the Entity existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counter-party, and remarketing agent), as well as conduit issuers,

sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Entity to appreciate the significance of the relationships.

Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

ⁱ The requirement for an engagement letter does not apply to any lawyer who is an employee of the Entity or any lawyer or law firm under a general appointment as counsel to the Entity and not serving as bond counsel for the transaction.

If bond counsel for a debt transaction does not represent the Entity in that transaction, the Entity will enter into a fee payment letter agreement with such lawyer or law firm specifying:

- a. the party represented in the debt transaction; and
- b. the Entity's obligation with respect to the payment of such lawyer or law firm's fees and expenses.

ⁱⁱ For new issues of debt which constitutes a "security" for which the Time of Formal Award (as defined in Rule G-34(a)(ii)(C)(1)(a)) occurs after November 27, 2011, the Municipal Securities Rulemaking Board has prohibited broker, dealer or municipal securities dealer serving as a financial advisor to an issuer for a particular issue from switching roles and underwriting the same issue. Policies must be adjusted to comply with amended Rule G-23 as it applies to securities, including exceptions to the prohibition.

ATTACHMENT B - RESOURCES

1. Comptroller of the Treasury

Guide for The Issuance of Notes by the Counties, Consolidated Governments, And Municipalities Of Tennessee (www.tn.gov/comptroller/lf/pdf/guide2003.pdf)

2. Government Finance Officers Association (GFOA) (www.gfoa.org)

Best Practices Governmental Debt Management

[Analyzing an Advance Refunding](#) (1995)

[Business Preparedness and Continuity Guidelines](#) (2005 and 2008)

[Debt Management Policy](#) (1995 and 2003)

[Post Issuance Compliance Checklist](#)

[Debt Service Payment Settlement Procedures](#) (2003 and 2007)

[Investment of Bond Proceeds](#) (1996 and 2007)

[Issuer's Role in Selection of Underwriter's Counsel](#) (1998 and 2009)

[Issuing Taxable Debt by U.S. State and Local Governments](#) (1998)

[Maintaining an Investor Relations Program](#) (1996, 2003 and 2010)

[Payment of the Expense Component of Underwriters' Discount](#) (1996 and 2010)

[Pricing Bonds in a Negotiated Sale](#) (1996, 2000, and 2010)

[Public-Private Partnerships for Economic Development](#) (2008)

[Role of the Finance Officer in Privatization](#) (2009)

[Selecting and Managing the Method of Sale of State and Local Government Bonds](#) (1994 and 2007)

[Selecting Bond Counsel](#) (1998 and 2008)

[Selecting Financial Advisors](#) (2008)

[Selecting Underwriters for Negotiated Bond Sales](#) (2008)

[Tax Increment Financing as a Fiscal Tool](#) (2006)

[Understanding Your Continuing Disclosure Responsibilities](#) (2010)

[Use of Debt-Related Derivatives Products and the Development of a Derivatives Policy ADV](#) (1995, 2003, 2005 and 2010)

[Derivatives Checklist](#)

[Using a Web Site for Disclosure](#) (2002 and 2010)

[Web Site Presentation of Official Financial Documents](#) (2009)

Best Practices Budgeting and Fiscal Policy

[Adoption of Financial Policies](#) (2001)

[Incorporating Capital Project Budget in the Budget Process](#) (2007)

GFOA Advisories Governmental Debt Management

[Auditor Association with Financial Statements Included in Offering Statements or Posted on Web Sites](#) (2005 and 2006)

[Evaluating the Sale and Securitization of Property Tax Liens](#) (1997)

[Evaluating the Use of Pension Obligation Bonds](#) (1997 and 2005)

[Issuing Build America and other Direct Subsidy bonds](#) (2010)

[Understanding the Issuer's Role in Secondary Market Securitization of Tax-](#)

[Exempt Obligations](#) (1993, 1996, and 2005)
[Underwriter Disclaimers in Official Statements](#) (2000)
[Using Variable Rate Debt Instruments ADV](#) (1997 and 2010)
[Need for Considerable Caution in Regard to OPEB Bonds](#) (2007)

[Publications: Capital Finance and Debt Administration](#) (11 titles)
Benchmarking and Measuring Debt Capacity
Debt Issuance and Management: A Guide for Smaller Governments
An Elected Official's Guide to Debt Issuance
An Elected Official's Guide to Tax Increment Financing
An Elected Official's Guide to Rating Agency Presentations
A Guide for Preparing a Debt Policy
A Guide for Selecting Financial Advisors and Underwriters: Writing RFPs and Evaluating Proposals
Making Good Disclosure: The Role and Responsibilities of State and Local Officials Under the Federal Securities Laws
Purchasing Credit Enhancement: How to Decide if Bond Insurance Makes Sense
Structuring and Sizing the Bond Issue
Tax Exempt Financing: A Primer

[Publications: Financial Management and Budgeting](#) (26 titles)
Financing the Future: Long-Term Financial Planning for Local Governments

3. International City/County Management Association (<http://icma.org/en/icma/home>)
Management Policies in Local Government Finance, 5th edition
(http://bookstore.icma.org/product1.cfm?product_ID=1190&DID=7)
4. Municipal Technical Advisory Service (<http://www.mtas.tennessee.edu/>)
5. County Technical Assistance Service (<http://www.ctas.utk.edu/>)
6. Rating Agencies:
 - a. Fitch Investors Service (www.fitchratings.com)
 - b. Moody's Investors Service (www.moodys.com)
 - c. Standard & Poor's Corporation (www.standardandpoors.com)
7. Municipal Securities Rulemaking Board (www.msrb.org) Electronic Municipal Market Access (www.emma.msrb.org)
8. Securities Industry and Financial Markets Association (www.sifma.org) Investing in Bonds (<http://investinginbonds.com/>)
9. California Debt and Investment Advisory Commission (www.treasurer.ca.gov/cdiac/)

ATTACHMENT C - GLOSSARY

Conflicts of Interest occur in situations where parties in a transaction have multiple interests or relationships that could possibly corrupt the motivation to act. The presence of a conflict of interest indicates the potential for divided loyalty and does not automatically indicate wrong doing.

Costs means fees and expenses of professionals and service providers and other similar fees and expenses, whether or not payable at the time the debt is incurred. "Costs" also means recurring and nonrecurring fees and expenses during the life of the debt.

Debt means indebtedness lawfully issued, executed or assumed by a public entity. Debt is created when a public entity agrees to pay over-time to someone else, in exchange for receiving an upfront payment or loan or for acquiring an asset. "Security" refers both to debt that can be transferred or delivered to another party, as well to property or assets pledged as collateral for a debt. Common instruments or evidence of debt are:

Bonds are debt instruments issued for a period of one year or longer, usually for permanent financing.

Notes are debt instruments issued for a short period of time, often for interim financing. Notes may be rolled to bonds. Examples are Capital Outlay Notes, Tax and Revenue Anticipation Notes, Bond Anticipation Notes, and Grant Anticipation Notes.

Capital leases or a lease purchase are written agreements allowing the use of property in exchange for payment of funds.

Loans are debt agreements usually with a financial institution such as a local bank or an organized loan program such as the Tennessee Municipal Bond Fund or the State Revolving Loan Program. Loans are also internal loans between funds within the entity or **seller financed loans**.

Debt service means a series of payments including **interest** (the amount or fee earned or paid for use of money or credit, calculated on the amount of principal) and **principal** (the amount of money borrowed or credit provided) required on a debt over time. The rate of interest can be **variable** or **fixed**.

Schedule means the plan listing the amount and when debt service will be paid.

Backloading refers to delaying repayment of principal until the end of the financing term. A standard or default structure for debt service is level debt service payments, similar to a standard home mortgage. Backloading should be considered only when beneficial to the overall amortization of debt, upon the occurrence of natural disasters, or when project revenues are not available during the early years of a project.

Maximum total level of debt means the maximum principal amount of debt a public entity will have outstanding at any time, usually for each type of debt issued.

Federal compliance issues means the ongoing responsibilities of a public entity after issuing debt. If the debt is sold as being “federally tax-exempt,” then the entity will have to comply with federal tax law. If the debt is a “security” for federal securities laws, then the public entity is subject to anti-fraud provisions and possibly is subject to continuing disclosure obligations.

Finance transaction means both debt obligations and derivatives. A derivative is a financial product deriving value from a separate security. This term refers to many different products. “Derivative” includes an Interest Rate Agreement as defined in Tennessee Code Annotated Section 9-22-103 and other transactions as identified by the State Funding Board.

Guidelines means the document adopted by the Tennessee State Funding Board providing statutorily required guidance on Interest Rate and Forward Purchase Agreements. The current version became effective November 1, 2009. The Guidelines are available on the internet at <http://tn.gov/comptroller/lf/pdf/SFB%20Guidelines%2010-9%20Final.pdf>

Professionals means individuals or firms advising or offering to provide professional services to a public entity with respect to a finance transaction. Examples of professionals are:

- **Municipal Advisor** means an independent or municipal securities dealer firm with a deep knowledge in a specific area, engaged in the business of advising others. It can include a Financial, Swap, or Program Administrator.
- **Counsel** means a legal advisor or attorney, whether an individual or a firm, representing a client. It can include Bond, Disclosure, Issuer, Swap, Tax, or Underwriters Counsel.
- **Counterparty** means the other party or participant in an agreement or contract; usually it refers to the other party in an Interest Rate (or swap) Agreement.
- **Lender** means an individual or firm who loans a borrower money.
- **Paying Agent** means an individual or firm that transfers the periodic interest and principal payments from the public entity to the investors.
- **Registrar** means the individual or firm responsible for maintaining a record or list of owners or investors in debt (sometimes referred to as holders of the debt).
- **Remarketing Agent** means the firm responsible for reselling to new investors debt instruments that have been “tendered” for purchase by their holders. The remarketing agent is also usually responsible for resetting the interest rate for variable rate debt instruments.
- **Underwriter** means the firm that buys new debt for reselling to the public for a profit. The underwriter may acquire the debt either through negotiation or by award on the basis of competitive bidding.
- **Verification Agent** usually means a certified public accountant or other independent third party that determines that the cash flow from investments purchased with proceeds of a refunding debt issue, along with other money, will be sufficient to pay the refunded bonds.

Public Entity is a governmental organization or unit that has a legal existence and is authorized to borrow money or enter into debt. It includes the State, state agencies, local governments, local government instrumentalities, and any other authority, board, Authority, instrumentality, or entity created by the State, a state agency, local government, a local government instrumentality,

or any combination of the above. It does not include legal entities without debt authority, such as a county school board; however, a special school Authority with debt authority is included.

Governing Body means the group of individuals with the authority to make decisions for a public entity, often referred to as the “legislative body.” Governing bodies are subject to the Tennessee Open Meetings Law (requiring public notice and recording of minutes). **Members** are the individuals serving on the governing body.

Conduit Entity means a governmental entity or agency that borrows money to lend to another entity, and not to finance a project for itself. Examples of conduit issuers are health and education boards, economic development boards, and public building authorities.

Risk refers to the uncertainty (downside) involved in a debt transaction, including investment, business, credit, market, liquidity, operations, tax, and basis risks.

State Agency Loan Program refers to programs offered by the state or state agencies, such as the State Revolving Loan Program offered by the Tennessee Local Development Authority or the Qualified School Construction Bond program offered by the Tennessee State School Bond Authority.

State Funding Board means the state entity whose members are the Governor, the Commissioner of Finance and Administration, the Comptroller, the State Treasurer, and the Secretary of State. The State Funding Board is created by Tennessee Code Annotated Section 9-9-101.

ATTACHMENT D

MATERIAL EVENTS NOTICE COVERSHEET

This coversheet and material events notice should be sent to the Municipal Securities Rulemaking Board pursuant to the Securities and Exchange Commission Rule 15c2-12(b)(5)(I)(C) and (D). Material events notices must be submitted to EMMA within 10 business days of the event. The MSRB Electronic Municipal Market Access ("EMMA") data port is at <http://emma.msrb.org>.

Issuer's and/or Other Obligated Person Name _____

Issuer's Six-Digit CUSIP Number(s): _____

Or Nine-Digit CUSIP Number(s) to which this material relates: _____

Number of Pages of Attached Material Event Notice: _____

Description of Material Events Notice (Check One):

- (1) ☐ Principal and Interest delinquencies;
- (2) ☐ Non-payment-related defaults;
- (3) ☐ Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) ☐ Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) ☐ Substitution of credit or liquidity providers or their failure to perform;
- (6) ☐ Adverse tax opinions or events affecting the tax-exempt status of issuer security;
- (7) ☐ Modifications to rights of bond holders;
- (8) ☐ Bond Calls, redemption, or tender offers;
- (9) ☐ Defeasances;
- (10) ☐ Release, substitution, or sales of property securing repayment of the securities
- (11) ☐ Credit rating or outlook changes;
- (12) ☐ Bankruptcy, insolvency, or receivership;
- (13) ☐ Merger, acquisition, or sale of all issuer assets;
- (14) ☐ Appointment of successor trustee;
- (15) ☐ Failure to provide annual financial information is required
- (16) ☐ Other material event notice (specify) _____

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: (____) _____

Please print the material event notice attached to this debt management policy in 10-point type of larger.

The coversheet and notice may be faxed to the MSRB at (703) 683-1930. Contact the MSRB at (202) 223-9503 with questions regarding this form or dissemination of this notice.

ATTACHMENT F

WADC STANDARD & POOR'S CREDIT RATING RATIONALE

EXHIBIT G

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:	
Name:	Water Authority of Dickson County
Address	101 Cowan Road
	Dickson, Tennessee 37055
Debt Issue Name:	n/a
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	

2. Face Amount: \$ 95,426.00	
Premium/Discount:	\$ 0.00

3. Interest Cost: 1.9900 %		<input checked="" type="checkbox"/> Tax-exempt	<input type="checkbox"/> Taxable
<input checked="" type="checkbox"/> TIC	<input type="checkbox"/> NIC		
<input type="checkbox"/> Variable:	Index _____ plus _____ basis points; or		
<input type="checkbox"/> Variable:	Remarketing Agent _____		
<input type="checkbox"/> Other:	_____		

4. Debt Obligation:		
<input type="checkbox"/> TRAN	<input type="checkbox"/> RAN	<input type="checkbox"/> CON
<input type="checkbox"/> BAN	<input type="checkbox"/> CRAN	<input type="checkbox"/> GAN
<input type="checkbox"/> Bond	<input checked="" type="checkbox"/> Loan Agreement	<input type="checkbox"/> Capital Lease
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").		

5. Ratings:	
<input checked="" type="checkbox"/> Unrated	
Moody's _____	Standard & Poor's _____ Fitch _____

6. Purpose:	
	BRIEF DESCRIPTION
<input type="checkbox"/> General Government _____ %	_____
<input type="checkbox"/> Education _____ %	_____
<input checked="" type="checkbox"/> Utilities 100.00 %	purchase of dump truck for use in issuer's operations
<input type="checkbox"/> Other _____ %	_____
<input type="checkbox"/> Refunding/Renewal _____ %	_____

7. Security:	
<input type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation + Revenue/Tax
<input type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input checked="" type="checkbox"/> Other (Describe): none

8. Type of Sale:	
<input type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan _____
<input type="checkbox"/> Negotiated Sale	<input checked="" type="checkbox"/> Loan Program negotiated loan from bank
<input type="checkbox"/> Informal Bid	

9. Date:	
Dated Date: 05/27/2020	Issue/Closing Date: 05/27/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2020	\$ 10,645.60	1.9900 %		\$	%
2021	\$ 18,549.15	1.9900 %		\$	%
2022	\$ 18,921.66	1.9900 %		\$	%
2023	\$ 19,301.66	1.9900 %		\$	%
2024	\$ 19,687.91	1.9900 %		\$	%
2025	\$ 8,320.13	1.9900 %		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☒ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 0	
Legal Fees	\$ 0	
Bond Counsel	\$ 0	
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
_____	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 0	
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____%		
Take Down	\$ 0	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 0	
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 0	
TOTAL COSTS	\$ 0	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:☒ No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:☐ None Prepared☒ EMMA link<https://emma.msrb.org/SS1384971-SS1078149-SS1485759.pdf> or☐ Copy attached**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☐ Yes☒ No

Is there a continuing disclosure obligation agreement related to this debt?

☐ Yes☒ No

If yes to either question, date that disclosure is due _____

Name and title of person responsible for compliance _____

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy

08/13/2018

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes☐ No**17. Submission of Report:**

To the Governing Body:

on 07/13/2020

and presented at public meeting held on

07/13/2020Copy to Director, Division of Local Govt Finance: on 06/17/2020 either by:☒ Mail to:Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN 37243-3400

OR

☐ Email to:LGF@cot.tn.gov**18. Signatures:**

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	Kyle C. Ruf	Benjamin C. Regen
Title	Chairman	
Firm		White & Regen, PLLC
Email		bcregen@white-regen.com
Date	<u>17 JUN 20</u>	<u>17 JUN 20</u>

Promissory Note

WATER AUTHORITY OF DICKSON COUNTY 101 COWAN RD. DICKSON, TN 37055	BANK OF DICKSON P.O. BOX 707 486 HWY 46 S. DICKSON, TN 37056	LQ/LP INT: DR/BD Loan Number: 801303395 Date: 05-27-2020 Maturity Date: 05-27-2025 Loan Amount: \$ 95,426.00 Renewal Of:
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of **NINETY FIVE THOUSAND FOUR HUNDRED TWENTY SIX AND NO/100** Dollars \$95,426.00

- ☒ **Single Advance.** I will receive all of this principal sum on **05-27-2020**. No additional advances are contemplated under this note.
- ☐ **Multiple Advance.** The principal sum shown above is the maximum amount of principal I can borrow under this note. On I will receive the amount of \$ and future principal advances are contemplated.
- Conditions.** The conditions for future advances are

- ☐ **Open End Credit.** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on
- ☐ **Closed End Credit.** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST. I agree to pay interest on the outstanding principal balance from **05-27-2020** at the rate of **1.990%** per year until **05-27-2025**

- ☐ **Variable Rate.** This rate may then change as stated below.
- ☐ **Index Rate.** The future rate will be the following index rate:

- ☐ **No Index.** The future rate will not be subject to any internal or external index. It will be entirely in your control.
- ☐ **Frequency and Timing.** The rate on this note may change as often as
A change in the interest rate will take effect
- ☐ **Limitations.** During the term of this loan, the applicable annual interest rate will not be more than % or less than
%. The rate may not change more than % each

Effect of Variable Rate. A change in the interest rate will have the following effect on the payments:

- ☐ The amount of each scheduled payment will change. ☐ The amount of the final payment will change.

ACCUAL METHOD. Interest will be calculated on a **ACTUAL/365** basis.

POST MATURITY RATE. I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

- ☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).
- ☐ at a rate equal to

☒ **LATE CHARGE.** If a payment is made more than **10** days after it is due, I agree to pay a late charge of **5.000% OF THE LATE AMOUNT OF PRINCIPAL AND INTEREST**

☐ **ADDITIONAL CHARGES.** In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS. I agree to pay this note as follows:

60 MONTHLY PAYMENTS OF \$1,872.29 BEGINNING 06-27-2020. THE ACTUAL AMOUNT OF MY FINAL PAYMENT WILL DEPEND ON MY PAYMENT RECORD.

- ☐ **Unpaid Interest.** Any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of Lender's demand) will become part of the principal thereafter, and will bear interest at the interest rate in effect from time to time as provided for in this note.

ADDITIONAL TERMS.

☐ **SECURITY.** This note is separately secured by (describe separate document by type and date):

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE. The purpose of this loan is **PURCHASE TRUCK**

DEFINITIONS. As used in this note, "X" means the terms that apply to this loan. "I," "me" or "my" means each Borrower who signs this note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

APPLICABLE LAW. The law of the state of Tennessee will govern this note. Any term of this note which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this note cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this note. No modification of this note may be made without your express written consent. Time is of the essence in this note.

COMMISSIONS. I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

PAYMENTS. Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST. Interest accrues on the principal remaining unpaid from time to time, until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal advanced at that time. You and I may provide in this note for accrued interest not paid when due to be added to principal. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to here (either before or after maturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than allowed by law and this note, you agree to refund it to me.

INDEX RATE. The index will serve only as a device for setting the rate on this note. If the index is no longer available, I agree and consent to you selecting a substitute index and an alternative margin - all at your sole discretion. You will give me advance notice of your selection. As used in this section, "no longer available" includes, but is not limited to, when an index is terminated, becomes deregulated, or becomes unacceptable for use by a regulator. You do not guarantee by selecting this index, or the margin, that the rate on this note will be the same rate you charge on any other loans or class of loans to me or other borrowers.

ACCRUAL METHOD. The amount of interest that I will pay on this loan will be calculated using the interest rate and accrual method stated in this note. For the purpose of interest calculation, the accrual method will determine the number of days in a "year." If no accrual method is stated, then you may use any reasonable accrual method for calculating interest.

POST MATURITY RATE. For purposes of deciding when the "Post Maturity Rate" applies, the term "maturity" means the date of the last scheduled payment stated in this note or the date you accelerate payment on the note, whichever is earlier.

SINGLE ADVANCE LOANS. If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below, or if we have agreed that accrued interest not paid when due may be added to principal.

MULTIPLE ADVANCE LOANS. If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed end credit, repaying a part of the principal will not entitle me to additional credit.

PAYMENTS BY LENDER. If you are authorized to pay, on my behalf, charges I am obligated to pay (such as property insurance premiums), then you may treat those payments made by you as advances and add them to the unpaid principal under this note, or you may demand immediate payment of the charges.

SET-OFF. I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means:

- (1) any deposit account balance I have with you;
- (2) any money owed to me on an item presented to you or in your possession for collection or exchange; and
- (3) any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone who has not agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right of set-off.

REAL ESTATE OR RESIDENCE SECURITY. If this note is secured by real estate or a residence that is personal property, the existence of a default and your remedies for such a default will be determined by applicable law, by the terms of any separate instrument creating the security interest and, to the extent not prohibited by law and not contrary to the terms of the separate security instrument, by the "Default" and "Remedies" paragraphs herein.

DEFAULT. I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the property insured, if required; (3) I fail to pay, or keep any promise, on any debt or agreement I have with you, including this note; (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate and harvest crops in due season; (11) default shall also exist if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetland to produce or to make possible the production of an agricultural commodity, as provided by 7 CFR Part 12.

REMEDIES. If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued charges).
- (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "Set-Off" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to me or allow purchases on credit by me.
- (5) You may use any remedy you have under state or federal law.

By selecting any one or more of these remedies you do not give up your right to later use any other remedy. By waiving your right to declare an event to be a default, you do not waive your right to later consider the event as a default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES. I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any fee you incur with such attorney plus court costs (except where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER. I give up my rights to require you to do certain things. I will not require you to:

- (1) demand payment of amounts due (presentment);
- (2) obtain official certification of nonpayment (protest); or
- (3) give notice that amounts due have not been paid (notice of dishonor).

I waive any defenses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT. I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may do so without any notice that it has not been paid (notice of dishonor). You may without notice release any party to this note without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your option extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this note without your prior written approval.

FINANCIAL INFORMATION. I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

NOTICE. Unless otherwise required by law, any notice to me shall be given by delivering it or by mailing it by first class mail addressed to me at my last known address. My current address is provided in this note. I agree to inform you in writing of any change in my address. I will give any notice to you by mailing it first class to your address as provided in this note, or to any other address as provided in this note that you have designated.

DATE OF TRANSACTION	PRINCIPAL ADVANCE	BORROWER'S INITIALS (not required)	PRINCIPAL PAYMENTS	PRINCIPAL BALANCE	INTEREST RATE	INTEREST PAYMENTS	INTEREST PAID THROUGH:
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	

SIGNATURES. I AGREE TO ALL OF THE TERMS WITHIN THIS NOTE. I acknowledge receipt of a copy of this note on today's date.

Borrower
WATER AUTHORITY OF DICKSON COUNTY
MUNICIPAL

 5/27/2020
MICHAEL ADAMS, EXECUTIVE DIRECTOR

Date

Date

Date

Date

Lender
BANK OF DICKSON

DONALD RICHARDSON, PRESIDENT

Date

Date

☐ Refer to the attached *Signature Addendum* for additional parties and signatures.

Complete the following for consumer transactions secured by a dwelling.

Loan Origination Organization:

NMLS ID:

Loan Originator:

NMLS ID:

Amortization

Borrower name Water Authority of Dickson County
Address 101 Cowan Rd.
 Dickson, TN 37055
Loan number 801303395

Date		Amount	Payment	Principal	Interest	Remaining Balance
05-27-2020	Fixed Rate	1.990				
05-27-2020	Funding	95,426.00				95,426.00
06-27-2020	Regular Pmt		1,672.29	1,511.01	161.28	93,914.99
07-27-2020	Regular Pmt		1,672.29	1,518.68	153.61	92,396.31
08-27-2020	Regular Pmt		1,672.29	1,516.13	156.16	90,880.18
09-27-2020	Regular Pmt		1,672.29	1,518.69	153.60	89,361.49
10-27-2020	Regular Pmt		1,672.29	1,526.13	146.16	87,835.36
11-27-2020	Regular Pmt		1,672.29	1,523.84	148.45	86,311.52
12-27-2020	Regular Pmt		1,672.29	1,531.12	141.17	84,780.40
2020 Totals:			11,706.03	10,645.60	1,060.43	
01-27-2021	Regular Pmt		1,672.29	1,529.00	143.29	83,251.40
02-27-2021	Regular Pmt		1,672.29	1,531.58	140.71	81,719.82
03-27-2021	Regular Pmt		1,672.29	1,547.54	124.75	80,172.28
04-27-2021	Regular Pmt		1,672.29	1,536.79	135.50	78,635.49
05-27-2021	Regular Pmt		1,672.29	1,543.67	128.62	77,091.82
06-27-2021	Regular Pmt		1,672.29	1,541.99	130.30	75,549.83
07-27-2021	Regular Pmt		1,672.29	1,548.72	123.57	74,001.11
08-27-2021	Regular Pmt		1,672.29	1,547.22	125.07	72,453.89
09-27-2021	Regular Pmt		1,672.29	1,549.83	122.46	70,904.06
10-27-2021	Regular Pmt		1,672.29	1,556.32	115.97	69,347.74
11-27-2021	Regular Pmt		1,672.29	1,555.08	117.21	67,792.66
12-27-2021	Regular Pmt		1,672.29	1,561.41	110.88	66,231.25
2021 Totals:			20,067.48	18,549.15	1,518.33	
01-27-2022	Regular Pmt		1,672.29	1,560.35	111.94	64,670.90
02-27-2022	Regular Pmt		1,672.29	1,562.99	109.30	63,107.91
03-27-2022	Regular Pmt		1,672.29	1,575.95	96.34	61,531.96

04-27-2022	Regular Pmt	1,672.29	1,568.29	104.00	59,963.67
05-27-2022	Regular Pmt	1,672.29	1,574.21	98.08	58,389.46
06-27-2022	Regular Pmt	1,672.29	1,573.60	98.69	56,815.86
07-27-2022	Regular Pmt	1,672.29	1,579.36	92.93	55,236.50
08-27-2022	Regular Pmt	1,672.29	1,578.93	93.36	53,657.57
09-27-2022	Regular Pmt	1,672.29	1,581.60	90.69	52,075.97
10-27-2022	Regular Pmt	1,672.29	1,587.11	85.18	50,488.86
11-27-2022	Regular Pmt	1,672.29	1,586.96	85.33	48,901.90
12-27-2022	Regular Pmt	1,672.29	1,592.31	79.98	47,309.59
2022 Totals:		20,067.48	18,921.66	1,145.82	
01-27-2023	Regular Pmt	1,672.29	1,592.33	79.96	45,717.26
02-27-2023	Regular Pmt	1,672.29	1,595.02	77.27	44,122.24
03-27-2023	Regular Pmt	1,672.29	1,604.93	67.36	42,517.31
04-27-2023	Regular Pmt	1,672.29	1,600.43	71.86	40,916.88
05-27-2023	Regular Pmt	1,672.29	1,605.37	66.92	39,311.51
06-27-2023	Regular Pmt	1,672.29	1,605.85	66.44	37,705.66
07-27-2023	Regular Pmt	1,672.29	1,610.62	61.67	36,095.04
08-27-2023	Regular Pmt	1,672.29	1,611.28	61.01	34,483.76
09-27-2023	Regular Pmt	1,672.29	1,614.01	58.28	32,869.75
10-27-2023	Regular Pmt	1,672.29	1,618.53	53.76	31,251.22
11-27-2023	Regular Pmt	1,672.29	1,619.47	52.82	29,631.75
12-27-2023	Regular Pmt	1,672.29	1,623.82	48.47	28,007.93
2023 Totals:		20,067.48	19,301.66	765.82	
01-27-2024	Regular Pmt	1,672.29	1,624.95	47.34	26,382.98
02-27-2024	Regular Pmt	1,672.29	1,627.70	44.59	24,755.28
03-27-2024	Regular Pmt	1,672.29	1,633.15	39.14	23,122.13
04-27-2024	Regular Pmt	1,672.29	1,633.21	39.08	21,488.92
05-27-2024	Regular Pmt	1,672.29	1,637.14	35.15	19,851.78
06-27-2024	Regular Pmt	1,672.29	1,638.74	33.55	18,213.04
07-27-2024	Regular Pmt	1,672.29	1,642.50	29.79	16,570.54
08-27-2024	Regular Pmt	1,672.29	1,644.28	28.01	14,926.26
09-27-2024	Regular Pmt	1,672.29	1,647.06	25.23	13,279.20
10-27-2024	Regular Pmt	1,672.29	1,650.57	21.72	11,628.63
11-27-2024	Regular Pmt	1,672.29	1,652.64	19.65	9,975.99
12-27-2024	Regular Pmt	1,672.29	1,655.97	16.32	8,320.02
2024 Totals:		20,067.48	19,687.91	379.57	

01-27-2025	Regular Pmt	1,672.29	1,658.23	14.06	6,661.79
02-27-2025	Regular Pmt	1,672.29	1,661.03	11.26	5,000.76
03-27-2025	Regular Pmt	1,672.29	1,664.66	7.63	3,336.10
04-27-2025	Regular Pmt	1,672.29	1,666.65	5.64	1,669.45
05-27-2025	Regular Pmt	1,672.29	1,669.56	2.73	-0.11
2025 Totals:		8,361.45	8,320.13	41.32	
Loan Totals:		100,337.40	95,426.11	4,911.29	

Printed on: 06-09-2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:	
Name:	Water Authority of Dickson County
Address	101 Cowan Road
	Dickson, Tennessee 37055
Debt Issue Name:	n/a
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	

2. Face Amount:	\$ 162,374.00
Premium/Discount:	\$ 0.00

3. Interest Cost:	1.9900 %	<input checked="" type="checkbox"/> Tax-exempt	<input type="checkbox"/> Taxable
<input checked="" type="checkbox"/> TIC	<input type="checkbox"/> NIC		
<input type="checkbox"/> Variable:	Index _____ plus _____ basis points; or		
<input type="checkbox"/> Variable:	Remarketing Agent _____		
<input type="checkbox"/> Other:	_____		

4. Debt Obligation:		
<input type="checkbox"/> TRAN	<input type="checkbox"/> RAN	<input type="checkbox"/> CON
<input type="checkbox"/> BAN	<input type="checkbox"/> CRAN	<input type="checkbox"/> GAN
<input type="checkbox"/> Bond	<input checked="" type="checkbox"/> Loan Agreement	<input type="checkbox"/> Capital Lease
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").		

5. Ratings:	
<input checked="" type="checkbox"/> Unrated	
Moody's _____	Standard & Poor's _____ Fitch _____

6. Purpose:	
	BRIEF DESCRIPTION
<input type="checkbox"/> General Government _____ %	_____
<input type="checkbox"/> Education _____ %	_____
<input checked="" type="checkbox"/> Utilities 100.00 %	purchase of dump truck for use in issuer's operations
<input type="checkbox"/> Other _____ %	_____
<input type="checkbox"/> Refunding/Renewal _____ %	_____

7. Security:	
<input type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation + Revenue/Tax
<input type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input checked="" type="checkbox"/> Other (Describe): none

8. Type of Sale:	
<input type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan _____
<input type="checkbox"/> Negotiated Sale	<input checked="" type="checkbox"/> Loan Program negotiated loan from bank
<input type="checkbox"/> Informal Bid	

9. Date:	
Dated Date: 05/27/2020	Issue/Closing Date: 05/27/2020

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2020	\$ 18,114.24	1.9900 %		\$	%
2021	\$ 31,562.71	1.9900 %		\$	%
2022	\$ 32,196.56	1.9900 %		\$	%
2023	\$ 32,843.14	1.9900 %		\$	%
2024	\$ 33,500.39	1.9900 %		\$	%
2025	\$ 14,157.28	1.9900 %		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%
	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☒ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 0	
Legal Fees	\$ 0	
Bond Counsel	\$ 0	
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 0	
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____ %		
Take Down	\$ 0	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 0	
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs _____	\$ 0	
TOTAL COSTS	\$ 0	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:☒ No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar		
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other _____		

13. Disclosure Document / Official Statement:☐ None Prepared☒ EMMA link<https://emma.msrb.org/SS1384971-SS1078149-SS1485759.pdf> or☐ Copy attached**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☐ Yes☒ No

Is there a continuing disclosure obligation agreement related to this debt?

☐ Yes☒ No

If yes to either question, date that disclosure is due _____

Name and title of person responsible for compliance _____

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy

08/13/2018

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes☐ No**17. Submission of Report:**

To the Governing Body:

on 07/13/2020

and presented at public meeting held on

07/13/2020Copy to Director, Division of Local Govt Finance: on 06/17/2020

either by:

☒ Mail to:Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN 37243-3400

OR

☐ Email to:LGF@cot.tn.gov**18. Signatures:**

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>Kyle C. Ruf</u>	<u>Benjamin C. Regen</u>
Title	<u>Chairman</u>	<u>White & Regan, PLLC</u>
Firm		<u>White & Regan, PLLC</u>
Email		<u>bcregen@white-regan.com</u>
Date	<u>17 JUN 20</u>	<u>17 JUN 20</u>

Promissory Note

WATER AUTHORITY OF DICKSON COUNTY 101 COWAN RD. DICKSON, TN 37055	BANK OF DICKSON P.O. BOX 707 466 HWY 46 S. DICKSON, TN 37056	LO/PI INT: DR/BD Loan Number: 801303403 Date: 05-27-2020 Maturity Date: 05-27-2025 Loan Amount: \$ 162,374.00 Renewal Of:
BORROWER'S NAME AND ADDRESS <small>"I" includes each borrower above, jointly and severally.</small>	LENDER'S NAME AND ADDRESS <small>"You" means the lender, its successors and assigns.</small>	

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of **ONE HUNDRED SIXTY TWO THOUSAND THREE HUNDRED SEVENTY FOUR AND NO/100** Dollars \$ 162,374.00

- ☒ **Single Advance.** I will receive all of this principal sum on **05-27-2020**. No additional advances are contemplated under this note.
- ☐ **Multiple Advance.** The principal sum shown above is the maximum amount of principal I can borrow under this note. On I will receive the amount of \$ and future principal advances are contemplated.
- Conditions.** The conditions for future advances are

- ☐ **Open End Credit.** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on

- ☐ **Closed End Credit.** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST. I agree to pay interest on the outstanding principal balance from **05-27-2020** at the rate of **1.990%** per year until **05-27-2025**

- ☐ **Variable Rate.** This rate may then change as stated below.

- ☐ **Index Rate.** The future rate will be the following index rate:

- ☐ **No Index.** The future rate will not be subject to any internal or external index. It will be entirely in your control.

- ☐ **Frequency and Timing.** The rate on this note may change as often as

A change in the interest rate will take effect

- ☐ **Limitations.** During the term of this loan, the applicable annual interest rate will not be more than % or less than % The rate may not change more than % each

Effect of Variable Rate. A change in the interest rate will have the following effect on the payments:

- ☐ The amount of each scheduled payment will change. ☐ The amount of the final payment will change.

☐

ACCRUAL METHOD. Interest will be calculated on a **ACTUAL/365** basis.

POST MATURITY RATE. I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

- ☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

- ☐ at a rate equal to

- ☒ **LATE CHARGE.** If a payment is made more than **10** days after it is due, I agree to pay a late charge of **5.000% OF THE LATE AMOUNT OF PRINCIPAL AND INTEREST**

- ☐ **ADDITIONAL CHARGES.** In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS. I agree to pay this note as follows:

60 MONTHLY PAYMENTS OF \$2,845.52 BEGINNING 06-27-2020. THE ACTUAL AMOUNT OF MY FINAL PAYMENT WILL DEPEND ON MY PAYMENT RECORD.

- ☐ **Unpaid Interest.** Any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of Lender's demand) will become part of the principal thereafter, and will bear interest at the interest rate in effect from time to time as provided for in this note.

ADDITIONAL TERMS.

☐ **SECURITY.** This note is separately secured by (describe separate document by type and date):

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE. The purpose of this loan is **PURCHASE TRUCK**

DEFINITIONS. As used in this note, "X" means the terms that apply to this loan. "I," "me" or "my" means each Borrower who signs this note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

APPLICABLE LAW. The law of the state of Tennessee will govern this note. Any term of this note which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this note cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this note. No modification of this note may be made without your express written consent. Time is of the essence in this note.

COMMISSIONS. I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

PAYMENTS. Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST. Interest accrues on the principal remaining unpaid from time to time, until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal advanced at that time. You and I may provide in this note for accrued interest not paid when due to be added to principal. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to here (either before or after maturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than allowed by law and this note, you agree to refund it to me.

INDEX RATE. The index will serve only as a device for setting the rate on this note. If the index is no longer available, I agree and consent to you selecting a substitute index and an alternative margin - all at your sole discretion. You will give me advance notice of your selection. As used in this section, "no longer available" includes, but is not limited to, when an index is terminated, becomes deregulated, or becomes unacceptable for use by a regulator. You do not guarantee by selecting this index, or the margin, that the rate on this note will be the same rate you charge on any other loans or class of loans to me or other borrowers.

ACCRAUAL METHOD. The amount of interest that I will pay on this loan will be calculated using the interest rate and accrual method stated in this note. For the purpose of interest calculation, the accrual method will determine the number of days in a "year." If no accrual method is stated, then you may use any reasonable accrual method for calculating interest.

POST MATURITY RATE. For purposes of deciding when the "Post Maturity Rate" applies, the term "maturity" means the date of the last scheduled payment stated in this note or the date you accelerate payment on the note, whichever is earlier.

SINGLE ADVANCE LOANS. If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below, or if we have agreed that accrued interest not paid when due may be added to principal.

MULTIPLE ADVANCE LOANS. If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed end credit, repaying a part of the principal will not entitle me to additional credit.

PAYMENTS BY LENDER. If you are authorized to pay, on my behalf, charges I am obligated to pay (such as property insurance premiums), then you may treat those payments made by you as advances and add them to the unpaid principal under this note, or you may demand immediate payment of the charges.

SET-OFF. I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means:

- (1) any deposit account balance I have with you;
- (2) any money owed to me on an item presented to you or in your possession for collection or exchange; and
- (3) any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone who has not agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right of set-off.

REAL ESTATE OR RESIDENCE SECURITY. If this note is secured by real estate or a residence that is personal property, the existence of a default and your remedies for such a default will be determined by applicable law, by the terms of any separate instrument creating the security interest and, to the extent not prohibited by law and not contrary to the terms of the separate security instrument, by the "Default" and "Remedies" paragraphs herein.

DEFAULT. I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the property insured, if required; (3) I fail to pay, or keep any promise, on any debt or agreement I have with you, including this note; (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate and harvest crops in due season; (11) default shall also exist if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetland to produce or to make possible the production of an agricultural commodity, as provided by 7 CFR Part 12.

REMEDIES. If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued charges).
- (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "Set-Off" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to me or allow purchases on credit by me.
- (5) You may use any remedy you have under state or federal law.

By selecting any one or more of these remedies you do not give up your right to later use any other remedy. By waiving your right to declare an event to be a default, you do not waive your right to later consider the event as a default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES. I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any fee you incur with such attorney plus court costs (except where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER. I give up my rights to require you to do certain things. I will not require you to:

- (1) demand payment of amounts due (presentment);
- (2) obtain official certification of nonpayment (protest); or
- (3) give notice that amounts due have not been paid (notice of dishonor).

I waive any defenses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT. I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may do so without any notice that it has not been paid (notice of dishonor). You may without notice release any party to this note without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your option extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this note without your prior written approval.

FINANCIAL INFORMATION. I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

NOTICE. Unless otherwise required by law, any notice to me shall be given by delivering it or by mailing it by first class mail addressed to me at my last known address. My current address is provided in this note. I agree to inform you in writing of any change in my address. I will give any notice to you by mailing it first class to your address as provided in this note, or to any other address as provided in this note that you have designated.

DATE OF TRANSACTION	PRINCIPAL ADVANCE	BORROWER'S INITIALS (not required)	PRINCIPAL PAYMENTS	PRINCIPAL BALANCE	INTEREST RATE	INTEREST PAYMENTS	INTEREST PAID THROUGH:
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	
	\$		\$	\$	%	\$	

SIGNATURES. I AGREE TO ALL OF THE TERMS WITHIN THIS NOTE. I acknowledge receipt of a copy of this note on today's date.

Borrower
WATER AUTHORITY OF DICKSON COUNTY
MUNICIPAL

 5/27/2020
MICHAEL ADAMS, EXECUTIVE DIRECTOR

Date

Date

Date

Date

Lender
BANK OF DICKSON

DONALD RICHARDSON, PRESIDENT

Date

Date

☐ Refer to the attached *Signature Addendum* for additional parties and signatures.

Complete the following for consumer transactions secured by a dwelling.

Loan Origination Organization:

NMLS ID:

Loan Originator:

NMLS ID:

Amortization

Borrower name Water Authority of Dickson County
Address 101 Cowan Rd.
 Dickson, TN 37055
Loan number 801303403

Date	Amount	Payment	Principal	Interest	Remaining Balance
05-27-2020 Fixed Rate	1.990				
05-27-2020 Funding	162,374.00				162,374.00
06-27-2020 Regular Pmt		2,845.52	2,571.09	274.43	159,802.91
07-27-2020 Regular Pmt		2,845.52	2,584.14	261.38	157,218.77
08-27-2020 Regular Pmt		2,845.52	2,579.80	265.72	154,638.97
09-27-2020 Regular Pmt		2,845.52	2,584.16	261.36	152,054.81
10-27-2020 Regular Pmt		2,845.52	2,596.82	248.70	149,457.99
11-27-2020 Regular Pmt		2,845.52	2,592.92	252.60	146,865.07
12-27-2020 Regular Pmt		2,845.52	2,605.31	240.21	144,259.76
2020 Totals:		19,918.64	18,114.24	1,804.40	
01-27-2021 Regular Pmt		2,845.52	2,601.70	243.82	141,658.06
02-27-2021 Regular Pmt		2,845.52	2,606.10	239.42	139,051.96
03-27-2021 Regular Pmt		2,845.52	2,633.25	212.27	136,418.71
04-27-2021 Regular Pmt		2,845.52	2,614.95	230.57	133,803.76
05-27-2021 Regular Pmt		2,845.52	2,626.67	218.85	131,177.09
06-27-2021 Regular Pmt		2,845.52	2,623.81	221.71	128,553.28
07-27-2021 Regular Pmt		2,845.52	2,635.26	210.26	125,918.02
08-27-2021 Regular Pmt		2,845.52	2,632.70	212.82	123,285.32
09-27-2021 Regular Pmt		2,845.52	2,637.15	208.37	120,648.17
10-27-2021 Regular Pmt		2,845.52	2,648.19	197.33	117,999.98
11-27-2021 Regular Pmt		2,845.52	2,646.08	199.44	115,353.90
12-27-2021 Regular Pmt		2,845.52	2,656.85	188.67	112,697.05
2021 Totals:		34,146.24	31,562.71	2,583.53	
01-27-2022 Regular Pmt		2,845.52	2,655.05	190.47	110,042.00
02-27-2022 Regular Pmt		2,845.52	2,659.53	185.99	107,382.47
03-27-2022 Regular Pmt		2,845.52	2,681.59	163.93	104,700.88

04-27-2022	Regular Pmt	2,845.52	2,668.56	176.96	102,032.32
05-27-2022	Regular Pmt	2,845.52	2,678.63	166.89	99,353.69
06-27-2022	Regular Pmt	2,845.52	2,677.60	167.92	96,676.09
07-27-2022	Regular Pmt	2,845.52	2,687.39	158.13	93,988.70
08-27-2022	Regular Pmt	2,845.52	2,686.67	158.85	91,302.03
09-27-2022	Regular Pmt	2,845.52	2,691.21	154.31	88,610.82
10-27-2022	Regular Pmt	2,845.52	2,700.59	144.93	85,910.23
11-27-2022	Regular Pmt	2,845.52	2,700.32	145.20	83,209.91
12-27-2022	Regular Pmt	2,845.52	2,709.42	136.10	80,500.49
2022 Totals:		34,146.24	32,196.56	1,949.68	
01-27-2023	Regular Pmt	2,845.52	2,709.46	136.06	77,791.03
02-27-2023	Regular Pmt	2,845.52	2,714.04	131.48	75,076.99
03-27-2023	Regular Pmt	2,845.52	2,730.91	114.61	72,346.08
04-27-2023	Regular Pmt	2,845.52	2,723.25	122.27	69,622.83
05-27-2023	Regular Pmt	2,845.52	2,731.64	113.88	66,891.19
06-27-2023	Regular Pmt	2,845.52	2,732.46	113.06	64,158.73
07-27-2023	Regular Pmt	2,845.52	2,740.58	104.94	61,418.15
08-27-2023	Regular Pmt	2,845.52	2,741.71	103.81	58,676.44
09-27-2023	Regular Pmt	2,845.52	2,746.35	99.17	55,930.09
10-27-2023	Regular Pmt	2,845.52	2,754.04	91.48	53,176.05
11-27-2023	Regular Pmt	2,845.52	2,755.65	89.87	50,420.40
12-27-2023	Regular Pmt	2,845.52	2,763.05	82.47	47,657.35
2023 Totals:		34,146.24	32,843.14	1,303.10	
01-27-2024	Regular Pmt	2,845.52	2,764.97	80.55	44,892.38
02-27-2024	Regular Pmt	2,845.52	2,769.65	75.87	42,122.73
03-27-2024	Regular Pmt	2,845.52	2,778.92	66.60	39,343.81
04-27-2024	Regular Pmt	2,845.52	2,779.02	66.50	36,564.79
05-27-2024	Regular Pmt	2,845.52	2,785.71	59.81	33,779.08
06-27-2024	Regular Pmt	2,845.52	2,788.43	57.09	30,990.65
07-27-2024	Regular Pmt	2,845.52	2,794.83	50.69	28,195.82
08-27-2024	Regular Pmt	2,845.52	2,797.87	47.65	25,397.95
09-27-2024	Regular Pmt	2,845.52	2,802.59	42.93	22,595.36
10-27-2024	Regular Pmt	2,845.52	2,808.56	36.96	19,786.80
11-27-2024	Regular Pmt	2,845.52	2,812.08	33.44	16,974.72
12-27-2024	Regular Pmt	2,845.52	2,817.76	27.76	14,156.96
2024 Totals:		34,146.24	33,500.39	645.85	

01-27-2025	Regular Pmt	2,845.52	2,821.59	23.93	11,335.37
02-27-2025	Regular Pmt	2,845.52	2,826.36	19.16	8,509.01
03-27-2025	Regular Pmt	2,845.52	2,832.53	12.99	5,676.48
04-27-2025	Regular Pmt	2,845.52	2,835.93	9.59	2,840.55
05-27-2025	Regular Pmt	2,845.52	2,840.87	4.65	-0.32
2025 Totals:		14,227.60	14,157.28	70.32	
Loan Totals:		170,731.20	162,374.32	8,356.88	

Printed on: 06-09-2020

REVOLVING FUND LOAN AGREEMENT FOR WATER/WASTEWATER AUTHORITIES

This Agreement is among the Tennessee Department of Environment and Conservation (the "Department"), the Tennessee Local Development Authority (the "Authority") and the Water Authority of Dickson County (the "Local Government"), which is a Tennessee governmental entity authorized to own, operate, and manage wastewater facilities. The purpose of this agreement is to provide financing of all or a portion of a wastewater facility (the "Project") by the Local Government. The Local Government submitted an application for the financing dated October 4, 2007, which is made by reference a part of this Agreement.

1. **DEFINITIONS.** Unless the context in this Agreement indicates another meaning, the following terms shall have the following meanings:

- (a) "Agreement" means this agreement providing financing for the Project from the Fund;
- (b) "Clean Water Act" means the Water Pollution Control Act of 1972, PL 92-500, 33 USC Sections 1251 et seq. as amended, and rules and regulations promulgated thereunder;
- (c) "Facility" means either a wastewater facility or a water system;
- (d) "Fund" means:
 - (1) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, TCA Sections 68-221-1001, et seq., and rules and regulations promulgated thereunder; or
 - (2) For water projects, the drinking water revolving loan fund created by the Drinking Water Revolving Loan Fund Act of 1997, TCA Sections 68-221-1201, et seq., and rules and regulations promulgated thereunder.
- (e) "Local Government" means the governmental entity borrowing under this Agreement described in (1) TCA Section 68-221-1003(7)(A), as amended, if a wastewater facility and (2) TCA Section 68-221-1203(6), as amended, if a water system.
- (f) "Program Loan" and "Loan Program Agreement" have the meanings established by TCA Section 4-31-102, as amended;
- (g) "Project" means the activities or tasks concerning a facility described in the Application to be financed pursuant to this Agreement;
- (h) "Project Cost" means the total amount of funds necessary to complete the Project;
- (i) "Project Loan" means the moneys loaned from the fund to finance the Project and required to be repaid pursuant to this Agreement;
- (j) "Safe Drinking Water Act" means the Safe Drinking Water Act, Title XVI of Public Health Service Act, 42 U.S.C. 300f et seq., as amended, and rules and regulations promulgated thereunder; and
- (k) "State" shall mean the State of Tennessee acting through the Department and the Authority, jointly or separately, as the context requires.

2. PROJECT.

- (a) Description. A description of the Project is contained in the Application.
- (b) Funding Sources. The Local Government estimates the Project Cost to be \$2,000,000 which is expected to be funded as follows:

State Revolving Loan	\$2,000,000
Local Funds	\$ 0
Other Funds (Specify Source)	\$ 0
 TOTAL	 <u>\$2,000,000</u>

3. LOAN.

- (a) Loan and Use of Proceeds. The State shall lend to the Local Government from moneys available in the Fund an aggregate principal amount not to exceed TWO MILLION DOLLARS (\$ 2,000,000) (the "Project Loan") to bear interest as described in (b) below. The loan shall be used by the Local Government for completion of the Project described in the Application and in accordance with plans and specifications and special conditions approved and required by the Department. Interest on the Project Loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 hereof.
- (b) Interest Rate. The rate of interest for this Project Loan is that rate established by the Authority at the meeting at which this loan is approved, and stated on the payment schedule which is incorporated into this Agreement and attached hereto.
- (c) Payment schedule. The Local Government expressly agrees to make all payments of principal and interest in accordance with the Payment Schedule, including the form of payment (currently electronic funds transfer), as it is from time to time revised by the State. A revision of the Payment Schedule shall not be deemed to be an amendment of this Agreement.

4. REPAYMENT OF PROJECT LOAN.

- (a) Payments. The Local Government promises to repay to the order of the State the Project Loan plus interest, payable in installments on the 20th day of each month in accordance with the Payment Schedule established by the Authority. The Payment Schedule will require payments of interest to begin after the first disbursement pursuant to Section 5 of this Agreement. The Payment Schedule will require repayments of principal to begin either: (1) within ninety (90) days after the Project is complete or, if the Project consists solely of planning, replanning, or design work, after the Project is complete; or (2) within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed, whichever event occurs earlier. Provided, however, the Authority may agree in the instance of a newly created water system to defer the commencement of principal repayment for no more than one year after the Project is completed.

(b) Reduction. The Project Loan, and the required payments made pursuant to the Payment Schedule, shall be reduced to reflect:

- (1) Funding not reflected in Section 2(b) which subsequently becomes available, or
- (2) The amount actually disbursed by the State to the Local Government pursuant to the Agreement as the Project Loan.

If any of the conditions set out above shall occur, a new Payment Schedule reflecting such changes shall be submitted to the Local Government to be attached to this Agreement, superseding any previous schedules.

(c) Prepayment. The Local Government at its option may prepay all or any portion of the Project Loan.

5. DISBURSEMENT OF PROJECT LOAN. Each request by the Local Government for disbursement of the Project Loan shall constitute a certification by the Local Government that all representations made in this Agreement remain true as of the date of the request and that no adverse developments affecting the financial condition of the Local Government or its ability to complete the Project or to repay the Project Loan plus interest have occurred since the date of this Agreement unless specifically disclosed in writing by the Local Government in the request for disbursement. Submitted requests for disbursement must be supported by proper invoices and other documentation required by and acceptable to the Department and the Authority.

After the Department has certified and the Authority has approved a request for disbursement, the Authority will disburse the Project Loan during the progress of the Project. Each disbursement shall be by electronic funds transfer or such other form of payment as specified in the Payment Schedule and shall be equal to that portion of the unpaid principal amount incurred to the date of the Local Government's request for disbursement. No more than 90% of the Project Loan shall be paid to the Local Government prior to the time the construction of the Project has been completed, the facilities constituting the Project are in the opinion of the Department in proper operation, and the Project has been approved by the Department; at that time the remaining 10% of the Project Loan may be paid to the Local Government. Provided, however, that if this Project Loan is for planning or replanning and design, payments may be made prior to the completion of construction of the Project for the full amount of costs associated with the planning or replanning and design.

6. AMENDMENT.

(a) Increase in Project Loan. If the final Project Cost is greater than is estimated in Section 2(b), then the Project Loan may be increased by a subsequent agreement executed by the parties hereto (the amount of such increase may be subject to a different interest rate) if the following conditions are fulfilled:

- (1) Amounts in the Fund are authorized and available for such increase;
- (2) The increased Project Loan otherwise meets the applicable statutory requirements and the regulations adopted thereunder; and
- (3) Such increase in this Project Loan does not result in any violation or breach of any contract, resolution or action of the Local Government.

(b) Other Amendments and Modifications. Any other amendment or modification of this Agreement must first be approved by the Authority and must be in writing executed by the parties hereto.

7. REPRESENTATIONS AND COVENANTS OF LOCAL GOVERNMENT. The Local Government hereby represents, agrees and covenants with the State as follows:

- (a) To construct, operate and maintain the Project in accordance with, and to comply with, all applicable federal and State statutes, rules, regulations, procedural guidelines, and grant conditions;
- (b) To comply with the Project Schedule, plans and specifications, and any and all special loan conditions established by and revised by the Department;
- (c) To commence operation of the Project on its completion and not to contract with others for the operation and management of or to discontinue operation or dispose of the Project without the prior written approval of the Department and the Authority;
- (d) To provide for the Local Government's share of the cost of the Project;
- (e) To comply with applicable federal requirements including the laws and executive orders listed on Exhibit A to this Agreement;
- (f) To advise the Department before applying for federal or other State assistance for the Project;
- (g) To establish and maintain adequate financial records for the Project in accordance with generally accepted government accounting principles; to cause to be made an annual audit acceptable to the Comptroller of the Treasury of the financial records and transactions covering each fiscal year; and to furnish a copy of such audit to the Authority. In the event of the failure or refusal of the Local Government to have the annual audit prepared, then the Comptroller of the Treasury may appoint an accountant or direct the Department of Audit to prepare the audit at the expense of the Local Government;
- (h) To maintain competent and adequate engineering supervision and inspection of the Project to insure that the construction conforms with the approved Plans and Specifications;
- (i) To abide by and honor any further guarantees or securities as may be required by the State which are not in conflict with State or federal law;
- (j) To do, file, or cause to be done or filed, any action or statement required to perfect or continue the lien(s) or pledge(s) granted or created hereunder;
- (k) To establish and collect, and to increase user fees and charges as needed to pay the monthly installments due under this Agreement as well as the other cost of operation and maintenance including depreciation and debt service of the system of which the Project is a part;
- (l) To establish and collect, and to increase user fees and charges sufficient to meet a 1.20X debt service coverage to net revenues. Net revenues are gross earnings, fees and charges, less current expenses. Current expenses are those incurred in the operation of the system, determined in accordance with generally accepted accounting principles (GAAP), including the reasonable and necessary costs of operating, maintaining, repairing and insuring the system, salaries, wages, cost of material and supplies, and insurance premiums, but shall specifically exclude depreciation and debt service payments;
- (m) To incur no additional debt payable from the revenues of the system unless:
 - (1) Prior approval is received from the Authority;

- (2) The annual audit required by the terms of this Agreement for the most recent fiscal year has been delivered within six (6) months after the end of such fiscal year,
 - (3) The covenant in Paragraph 7(l) above was met for the most recent fiscal year,
 - (4) The net revenues of the system for the next three fiscal years ending after the issuance of the additional debt, shall be sufficient to comply with the covenant in Paragraph 7(l) above, and
 - (5) The Local Government shall have adopted a revised schedule of rates and fees and taken action to put such revisions in effect at or prior to the issuance of the additional debt.
- (n) To be subject to the jurisdiction of the Water and Wastewater Financing Board (WWFB) established in Title 68, Chapter 221, for systems having taxing power and of the Utility Management Review Board (UMRB) created in Title 7, Chapter 82, for all other systems (other than those making an irrevocable election pursuant to law to be subject to the (WWFB). If the Authority, in its sole discretion, determines that the Local Government's obligations under this Agreement have been or may be impaired, the Authority may immediately refer the Local Government to WWFB or UMRB, as appropriate (the WWFB and the UMRB as "Board" or "Boards"). In the event of default under this Agreement, the Authority shall refer the Local Government to the Board. In such event, the Local Government covenants to the extent permitted by law to request advisory technical assistance from the UMRB pursuant to TCA Section 7-82-702(6) and to request that the Board propose any and all management, fiscal, and/or rate changes necessary to enable the Local Government to fulfill its obligations to the Authority under this Agreement. The Local Government agrees to supply the Board with any information that the Board may request in connection with its analysis of the Local Government's system. The Local Government agrees that it will implement any and all technical, management, fiscal, and/or rate changes recommended by the Board and determined by the Authority to be required for the Local Government to fulfill its obligations to the Authority under this Agreement.

8. **SECURITY AND DEFAULT.** As security for the repayment of this Project Loan and interest, the Local Government pledges user fees and charges, and covenants and agrees that it shall increase such fees as needed to pay the monthly installments due here under, as well as the other costs or operation and maintenance of the system, including depreciation. The Local Government further pledges such other additional available sources of revenues as are necessary to meet the obligations of the Local Government under this Agreement.

Prior to the first disbursement of funds under this Agreement, the Local Government will deposit with the Authority an amount of funds equal to the maximum annual debt service (the "Security Deposit"). The amount of the deposit will be adjusted to reflect adjustments in the Payment Schedule. Pursuant to policy of the Authority will credit the Local Government with interest earnings on the Security Deposit on at least an annual basis.

As security for the repayment of this Project Loan and interest, the Local Government pledges and assigns subject to the provisions herein any funds due to the Local Government from the State. In the event the Local Government fails either to fully fund the Security Deposit as provided above or to remit the monthly payments as established in the Payment Schedule, the Authority shall deliver notice of such failure to the Local Government within 7 days of such failure; the Authority shall suspend making disbursements as provided in Paragraph 5 above until such delinquency is cured. In the event the Local Government shall fail to cure payment delinquency within 15 days of the receipt of such notice, the Authority shall apply from the funds deposited as provided above only such sums necessary to liquidate the amount of the delinquency of the Local Government to the Authority as of that date. If the funds deposited as provided

above are not sufficient to cure the delinquency, the Authority shall notify the Commissioner of Finance and Administration, and the Commissioner shall withhold such amount from any funds otherwise due to the Local Government from the State and pay such amount to Authority for deposit into the Fund. The Local Government acknowledges that it has no claim on such funds withheld or paid over as permitted under this Agreement. The Local Government shall replenish the Security Deposit within 60 days from any withdrawal of funds from that account as provided above.

Failure by the Local Government to pay to the Authority the monthly payments as set forth herein, failure to pay to the Authority the initial Security Deposit as set forth above, to replenish the Security Deposit within 60 days from any withdrawal of funds from that account as provided above, or to cure any breach of any covenant or representation of the Local Government contained herein within 60 days from receipt of notice of such breach shall constitute an event of default. Upon an event of default, the Authority may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. The Local Government shall be responsible for all costs of the Authority incurred in enforcing the provisions of this Agreement after an event of default, including but not limited to reasonable attorneys' fees.

9. CONDITIONS PRECEDENT. This Agreement is further conditioned on the receipt of the following documents, if applicable on or before the date of the first disbursement of the Project Loan; each document is to be dated or certified, as the case may be, on or before the date of the first disbursement of the Project Loan.

- (a) A general certificate of the Local Government certifying the resolution authorizing the Local Government to enter into this Agreement, the resolution authorizing the rate and fee structure for the users of the system, and other matters;
- (b) An opinion of the Attorney or Special Counsel to the Local Government to the effect that:
 - (1) The Local Government has been duly created and is validly existing and has full power and authority (under its Charter and By-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of this Agreement;
 - (2) This Agreement is duly executed and constitutes a valid and binding contract of the Local Government, enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors rights generally;
 - (3) This Agreement is not in conflict with any contracts or resolutions of the Local Government; and
 - (4) There is no litigation materially adversely affecting this Agreement or the financial condition of the Local Government.
- (c) An opinion of a licensed engineer or certified public accountant as to the sufficiency of the rates, fees and charges to meet the representations and covenants of the Local Government in Paragraphs 7(k) and (l) above;
- (d) An opinion of a licensed engineer as to the reasonableness of the project costs and as to the estimated completion date of the Project; and

(e) If the Project is for the expansion of a wastewater facility rather than remedial (correction of public health problem), written evidence of consent to the expansion by the relevant governing bodies must be submitted.

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

11. NOTICES. Any notice shall be delivered to the parties at the addresses below (or such other addresses as the parties shall specify to each other in writing):

To Department: Tennessee Department of Environment and Conservation
401 Church Street, 8th Floor
Nashville, TN 37243
ATTN: State Revolving Fund Loan Program

To Authority: Tennessee Local Development Authority
Suite 1600, James K. Polk Building
Nashville, TN 37243-0273
ATTN: Assistant Secretary

To Local Government: Water Authority of Dickson County
Kyle C. Ruf, Chairman
121 South Main Street
Dickson, TN 37055

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

13. EFFECTIVE DATE. The effective date of this Agreement shall be the date on which the Authority approves this Agreement as indicated below.

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

LOCAL GOVERNMENT

NAME KYLE C. RUF
Water Authority of Dickson County
BY: [Signature]
Kyle C. Ruf, Chairman
TITLE: BOARD CHAIRMAN
DATE: 10/04/07

TENNESSEE LOCAL DEVELOPMENT
AUTHORITY

BY: [Signature]
TITLE: Secretary
MEETING APPROVAL DATE:
11-08-07
INTEREST RATE: 1.66%

COMMISSIONER, DEPARTMENT OF
ENVIRONMENT AND CONSERVATION

BY: [Signature]
DATE: 10/18/07

APPROVED AS TO FUNDING

COMMISSIONER OF FINANCE AND
ADMINISTRATION

[Signature]

DATE: 11-5-07

as-07
-18-07

REVOLVING FUND LOAN AGREEMENT FOR WATER/WASTEWATER/ENERGY AUTHORITIES

This Agreement is among the Tennessee Department of Environment and Conservation (the "Department"), the Tennessee Local Development Authority (the "Authority") and the Water Authority of Dickson County (the "Local Government"), which is a Tennessee governmental entity authorized to own, operate, and manage wastewater facilities. The purpose of this agreement is to provide financing of all or a portion of a Wastewater facility (the "Project") by the Local Government. The Local Government submitted an application for the financing dated 2/13/12 which is made by reference a part of this Agreement.

1. **DEFINITIONS.** Unless the context in this Agreement indicates another meaning, the following terms shall have the following meanings:

- (a) "Administrative fee" means the fee to be collected by the Authority for administration of the loan in accordance with TCA Sections 68-221-1004(a) and 68-221-1204(a);
- (b) "Agreement" means this agreement providing financing for the Project from the Fund;
- (c) "Clean Water Act" means the Water Pollution Control Act of 1972, PL 92-500, 33 USC Sections 1251 et seq. as amended, and rules and regulations promulgated thereunder;
- (d) "Facility" means either a wastewater facility or a water system;
- (e) "Fund" means:
 - (1) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, TCA Sections 68-221-1001, et seq., and rules and regulations promulgated thereunder; or
 - (2) For water projects, the drinking water revolving loan fund created by the Drinking Water Revolving Loan Fund Act of 1997, TCA Sections 68-221-1201, et seq., and rules and regulations promulgated thereunder.
- (f) "Local Government" means the governmental entity borrowing under this Agreement described in (1) TCA Section 68-221-1003(7)(A), as amended, if a wastewater facility and (2) TCA Section 68-221-1203(6), as amended, if a water system.
- (g) "Program Loan" and "Loan Program Agreement" have the meanings established by TCA Section 4-31-102, as amended;
- (h) "Project" means the activities or tasks concerning a facility described in the Application to be financed pursuant to this Agreement;
- (i) "Project Cost" means the total amount of funds necessary to complete the Project;
- (j) "Project Loan" means the moneys loaned from the fund to finance the Project and required to be repaid pursuant to this Agreement;
- (k) "Safe Drinking Water Act" means the Safe Drinking Water Act, Title XVI of Public Health Service Act, 42 U.S.C. 300f et seq., as amended, and rules and regulations promulgated thereunder; and

- (l) "State" shall mean the State of Tennessee acting through the Department and the Authority, jointly or separately, as the context requires.

2. PROJECT.

- (a) Description. A description of the Project is contained in the Application.
- (b) Funding Sources. The Local Government estimates the Project Cost to be \$10,000,000 which is expected to be funded as follows:

State Revolving Fund (SRF) Loan	\$ 8,000,000
Principal Forgiveness	\$ 2,000,000
Local Funds	\$ -0-
Other Funds (Specify Source)	\$ -0-
TOTAL	\$ 10,000,000

3. LOAN.

- (a) Loan and Use of Proceeds. The State shall lend to the Local Government from moneys available in the Fund an aggregate principal amount not to exceed **TEN MILLION DOLLARS (\$10,000,000)** (the "Project Loan") to bear interest as described in (b) below. The loan shall be used by the Local Government for completion of the Project described in the Application and in accordance with plans and specifications and special conditions approved and required by the Department. Interest on the Project Loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 hereof.
- (b) Interest Rate. The rate of interest for this Project Loan is that rate established by the Authority at the meeting at which this loan is approved, and stated on the payment schedule which is incorporated into this Agreement and attached hereto.
- (c) Administrative fee. The Authority shall collect a fee equal to 8 basis points of the total Project Loan, where one basis point is equal to one-hundredth of one percent (0.01%). This fee shall be payable in monthly installments equal to one-twelfth (1/12) of the annual fee amount as stated on the payment schedule.
- (d) Payment schedule. The Local Government expressly agrees to make all payments of principal and interest in accordance with the Payment Schedule, including the form of payment (currently electronic funds transfer), as it is from time to time revised by the State. A revision of the Payment Schedule shall not be deemed to be an amendment of this Agreement.

4. REPAYMENT OF PROJECT LOAN.

- (a) **Payments.** The Local Government promises to repay to the order of the State the Project Loan plus interest, payable in installments on the 20th day of each month in accordance with the Payment Schedule established by the Authority. The Payment Schedule will require payments of interest to begin after the first disbursement pursuant to Section 5 of this Agreement. The Payment Schedule will require repayments of principal to begin either: (1) within ninety (90) days after the Project is complete or, if the Project consists solely of planning, replanning, or design work, after the Project is complete; or (2) within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed, whichever event occurs earlier. Provided, however, the Authority may agree in the instance of a newly created water system to defer the commencement of principal repayment for no more than one year after the Project is completed.
- (b) **Reduction.** The Project Loan, and the required payments made pursuant to the Payment Schedule, shall be reduced to reflect:
- (1) Funding not reflected in Section 2(b) which subsequently becomes available, or
 - (2) The amount actually disbursed by the State to the Local Government pursuant to the Agreement as the Project Loan.

If any of the conditions set out above shall occur, a new Payment Schedule reflecting such changes shall be submitted to the Local Government to be attached to this Agreement, superseding any previous schedules.

- (c) **Prepayment.** The Local Government at its option may prepay all or any portion of the Project Loan.
- (d) **Principal Forgiven.** A portion of the SRF funding for the Project Loan shall be forgiven by the State. The principal forgiven shall be **\$2,000,000.**

5. **DISBURSEMENT OF PROJECT LOAN.** Each request by the Local Government for disbursement of the Project Loan shall constitute a certification by the Local Government that all representations made in this Agreement remain true as of the date of the request and that no adverse developments affecting the financial condition of the Local Government or its ability to complete the Project or to repay the Project Loan plus interest have occurred since the date of this Agreement unless specifically disclosed in writing by the Local Government in the request for disbursement. Submitted requests for disbursement must be supported by proper invoices and other documentation required by and acceptable to the Department and the Authority.

After the Department has certified and the Authority has approved a request for disbursement, the Authority will disburse the Project Loan during the progress of the Project. Each disbursement shall be by electronic funds transfer or such other form of payment as specified in the Payment Schedule and shall be equal to that portion of the unpaid principal amount incurred to the date of the Local Government's request for disbursement. No more than 90% of the Project Loan shall be paid to the Local Government prior to the time the construction of the Project has been completed, the facilities constituting the Project are in the opinion of the Department in proper operation, and the Project has been approved by the Department; at that time the remaining 10% of the Project Loan may be paid to the Local Government. Provided, however, that if this Project Loan is for planning or replanning and design, payments may be made prior to the completion of construction of the Project for the full amount of costs associated with the planning or replanning and design.

6. AMENDMENT.

- (a) Increase in Project Loan. If the final Project Cost is greater than is estimated in Section 2(b), then the Project Loan may be increased by a subsequent agreement executed by the parties hereto (the amount of such increase may be subject to a different interest rate) if the following conditions are fulfilled:

- (1) Amounts in the Fund are authorized and available for such increase;
- (2) The increased Project Loan otherwise meets the applicable statutory requirements and the regulations adopted thereunder; and
- (3) Such increase in this Project Loan does not result in any violation or breach of any contract, resolution or action of the Local Government.

- (b) Other Amendments and Modifications. Any other amendment or modification of this Agreement must first be approved by the Authority and must be in writing executed by the parties hereto.

7. REPRESENTATIONS AND COVENANTS OF LOCAL GOVERNMENT. The Local Government hereby represents, agrees and covenants with the State as follows:

- (a) To construct, operate and maintain the Project in accordance with, and to comply with, all applicable federal and State statutes, rules, regulations, procedural guidelines, and grant conditions;
- (b) To comply with the Project Schedule, plans and specifications, and any and all special loan conditions established by and revised by the Department;
- (c) To commence operation of the Project on its completion and not to contract with others for the operation and management of or to discontinue operation or dispose of the Project without the prior written approval of the Department and the Authority;
- (d) To provide for the Local Government's share of the cost of the Project;
- (e) To comply with applicable federal requirements including the laws and executive orders listed on Exhibit A to this Agreement;
- (f) To advise the Department before applying for federal or other State assistance for the Project;
- (g) To establish and maintain adequate financial records for the Project in accordance with generally accepted government accounting principles; to cause to be made an annual audit acceptable to the Comptroller of the Treasury of the financial records and transactions covering each fiscal year; and to furnish a copy of such audit to the Authority. In the event of the failure or refusal of the Local Government to have the annual audit prepared, then the Comptroller of the Treasury may appoint an accountant or direct the Department of Audit to prepare the audit at the expense of the Local Government;
- (h) To maintain competent and adequate engineering supervision and inspection of the Project to insure that the construction conforms with the approved Plans and Specifications;
- (i) To abide by and honor any further guarantees or securities as may be required by the State which are not in conflict with State or federal law;

- (j) To do, file, or cause to be done or filed, any action or statement required to perfect or continue the lien(s) or pledge(s) granted or created hereunder;
 - (k) To establish and collect, and to increase user fees and charges as needed to pay the monthly installments due under this Agreement as well as the other cost of operation and maintenance including depreciation and debt service of the system of which the Project is a part;
 - (l) To establish and collect, and to increase user fees and charges sufficient to meet a 1.20X debt service coverage to net revenues. Net revenues are gross earnings, fees and charges, less current expenses. Current expenses are those incurred in the operation of the system, determined in accordance with generally accepted accounting principles (GAAP), including the reasonable and necessary costs of operating, maintaining, repairing and insuring the system, salaries, wages, cost of material and supplies, and insurance premiums, but shall specifically exclude depreciation and debt service payments;
 - (m) To incur no additional debt payable from the revenues of the system unless:
 - (1) Prior approval is received from the Authority;
 - (2) The annual audit required by the terms of this Agreement for the most recent fiscal year has been delivered within six (6) months after the end of such fiscal year,
 - (3) The covenant in Paragraph 7(l) above was met for the most recent fiscal year,
 - (4) The net revenues of the system for the next three fiscal years ending after the issuance of the additional debt, shall be sufficient to comply with the covenant in Paragraph 7(l) above, and
 - (5) The Local Government shall have adopted a revised schedule of rates and fees and taken action to put such revisions in effect at or prior to the issuance of the additional debt.
 - (n) To be subject to the jurisdiction of the Water and Wastewater Financing Board (WWFB) established in Title 68, Chapter 221, for systems having taxing power and of the Utility Management Review Board (UMRB) created in Title 7, Chapter 82, for all other systems (other than those making an irrevocable election pursuant to law to be subject to the (WWFB). If the Authority, in its sole discretion, determines that the Local Government's obligations under this Agreement have been or may be impaired, the Authority may immediately refer the Local Government to WWFB or UMRB, as appropriate (the WWFB and the UMRB as "Board" or "Boards"). In the event of default under this Agreement, the Authority shall refer the Local Government to the Board. In such event, the Local Government covenants to the extent permitted by law to request advisory technical assistance from the UMRB pursuant to TCA Section 7-82-702(6) and to request that the Board propose any and all management, fiscal, and/or rate changes necessary to enable the Local Government to fulfill its obligations to the Authority under this Agreement. The Local Government agrees to supply the Board with any information that the Board may request in connection with its analysis of the Local Government's system. The Local Government agrees that it will implement any and all technical, management, fiscal, and/or rate changes recommended by the Board and determined by the Authority to be required for the Local Government to fulfill its obligations to the Authority under this Agreement.
8. **SECURITY AND DEFAULT.** As security for the repayment of this Project Loan and interest, the Local Government pledges user fees and charges, and covenants and agrees that it shall increase such fees as needed to pay the monthly installments due here under, as well as the other costs of operation and maintenance of the system, including depreciation. The Local Government further pledges such other

additional available sources of revenues as are necessary to meet the obligations of the Local Government under this Agreement.

Prior to the first disbursement of funds under this Agreement, the Local Government will deposit with the Authority an amount of funds equal to the maximum annual debt service (the "Security Deposit"). The amount of the deposit will be adjusted to reflect adjustments in the Payment Schedule. Pursuant to policy of the Authority will credit the Local Government with interest earnings on the Security Deposit on at least an annual basis.

As security for the repayment of this Project Loan and interest, the Local Government pledges and assigns subject to the provisions herein any funds due to the Local Government from the State. In the event the Local Government fails either to fully fund the Security Deposit as provided above or to remit the monthly payments as established in the Payment Schedule, the Authority shall deliver notice of such failure to the Local Government within 7 days of such failure; the Authority shall suspend making disbursements as provided in Paragraph 5 above until such delinquency is cured. In the event the Local Government shall fail to cure payment delinquency within 15 days of the receipt of such notice, the Authority shall apply from the funds deposited as provided above only such sums necessary to liquidate the amount of the delinquency of the Local Government to the Authority as of that date. If the funds deposited as provided above are not sufficient to cure the delinquency, the Authority shall notify the Commissioner of Finance and Administration, and the Commissioner shall withhold such amount from any funds otherwise due to the Local Government from the State and pay such amount to Authority for deposit into the Fund. The Local Government acknowledges that it has no claim on such funds withheld or paid over as permitted under this Agreement. The Local Government shall replenish the Security Deposit within 60 days from any withdrawal of funds from that account as provided above.

Failure by the Local Government to pay to the Authority the monthly payments as set forth herein, failure to pay to the Authority the initial Security Deposit as set forth above, to replenish the Security Deposit within 60 days from any withdrawal of funds from that account as provided above, or to cure any breach of any covenant or representation of the Local Government contained herein within 60 days from receipt of notice of such breach shall constitute an event of default. Upon an event of default, the Authority may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. The Local Government shall be responsible for all costs of the Authority incurred in enforcing the provisions of this Agreement after an event of default, including but not limited to reasonable attorneys' fees.

9. CONDITIONS PRECEDENT. This Agreement is further conditioned on the receipt of the following documents, if applicable on or before the date of the first disbursement of the Project Loan; each document is to be dated or certified, as the case may be, on or before the date of the first disbursement of the Project Loan.

(a) A general certificate of the Local Government certifying the resolution authorizing the Local Government to enter into this Agreement, the resolution authorizing the rate and fee structure for the users of the system, and other matters;

(b) An opinion of the Attorney or Special Counsel to the Local Government to the effect that:

(1) The Local Government has been duly created and is validly existing and has full power and authority (under its Charter and By-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of this Agreement;

- (2) This Agreement is duly executed and constitutes a valid and binding contract of the Local Government, enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors rights generally;
 - (3) This Agreement is not in conflict with any contracts or resolutions of the Local Government; and
 - (4) There is no litigation materially adversely affecting this Agreement or the financial condition of the Local Government.
 - (c) An opinion of a licensed engineer or certified public accountant as to the sufficiency of the rates, fees and charges to meet the representations and covenants of the Local Government in Paragraphs 7(k) and (l) above;
 - (d) An opinion of a licensed engineer as to the reasonableness of the project costs and as to the estimated completion date of the Project; and
 - (e) If the Project is for the expansion of a wastewater facility rather than remedial (correction of public health problem), written evidence of consent to the expansion by the relevant governing bodies must be submitted.
10. **SEVERABILITY.** In the event any covenant, condition or provision of this Agreement is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, the invalidity thereof shall in no way affect any of the other covenants, conditions or provisions hereof.
11. **NOTICES.** Any notice shall be delivered to the parties at the addresses below (or such other addresses as the parties shall specify to each other in writing):

To Department: Tennessee Department of Environment and Conservation
401 Church Street, 8th Floor
Nashville, TN 37243
ATTN: State Revolving Fund Loan Program

To Authority: Tennessee Local Development Authority
Suite 1600, James K. Polk Building
Nashville, TN 37243-0273
ATTN: Assistant Secretary

To Local Government: Water Authority of Dickson County
ATTN: Mr. Kyle Ruf, Chairman
101 Cowan Road
Dickson, Tennessee 37055

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

13. EFFECTIVE DATE. The effective date of this Agreement shall be the date on which the Authority approves this Agreement as indicated below.

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

LOCAL GOVERNMENT

NAME: Water Authority of Dickson County
(Wastewater Authority)

BY: 
Kyle Ruf, Chairman

TITLE: _____

DATE: 2/13/12

**TENNESSEE LOCAL DEVELOPMENT
AUTHORITY**

BY: 


TITLE: Vice Chairman

MEETING APPROVAL DATE:

6/06/2012

INTEREST RATE: 1.11%



**COMMISSIONER, DEPARTMENT OF
ENVIRONMENT AND CONSERVATION**

BY: Robert G. Martinian, Jr. 

DATE: 4/12/12

APPROVED AS TO FUNDING

**COMMISSIONER OF FINANCE AND
ADMINISTRATION**

DATE: 4/20/12

**REVOLVING FUND LOAN AGREEMENT
FOR REVENUE ENTITIES
(i.e. UTILITY DISTRICTS AND WATER/WASTEWATER/ENERGY AUTHORITIES)**

This Agreement is among the Tennessee Department of Environment and Conservation (the "Department"), the Tennessee Local Development Authority (the "Authority") and Water Authority Dickson County (the "Local Government"), which is a Tennessee governmental entity authorized to own, operate, and manage (wastewater facilities). The purpose of this Agreement is to provide for the financing of all or a portion of a wastewater facility by the Local Government. The Local Government submitted an application for the financing dated 7/21/2017, which is hereby incorporated into this Agreement.

1. **DEFINITIONS.** Unless the context in this Agreement indicates another meaning, the following terms shall have the following meaning:

- (a) "Administrative fee" means the fee to be collected by the Authority for administration of the loan in accordance with Tenn. Code Ann. Sections 68-221-1004(a) and 68-221-1204(a), both as amended;
- (b) "Agreement" means this agreement providing financing for the Project from the Fund;
- (c) "Facility" means either a wastewater facility or a water system;
- (d) "Fund" means:
 - (1) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, Tenn. Code Ann. Sections 68-221-1001 et seq., as amended, and rules promulgated thereunder, or
 - (2) For water projects, the drinking water revolving loan fund created by the Drinking Water Revolving Loan Fund Act of 1997, Tenn. Code Ann. Sections 68-221-1201 et seq., as amended, and rules promulgated thereunder;
- (e) "Initiation of Operation" means the date when all but minor components of the Project have been built, all treatment equipment is operational and the Project is capable of functioning as designed and constructed;
- (f) "Local Government" means the governmental entity borrowing under this Agreement described in (1) Tenn. Code Ann. Section 68-221-1003(7), as amended, if a wastewater facility and (2) Tenn. Code Ann. Section 68-221-1203(6), as amended, if a water system;
- (g) "Obligations" means bonds, notes and any other evidence of indebtedness lawfully issued or assumed by the Local Government;

(h) "Project" means the activities or tasks concerning a facility described in the application submitted by the Local Government to be financed pursuant to this Agreement;

(i) "Project Cost" means the total amount of funds necessary to complete the Project;

(j) "Project Loan" means the moneys loaned from the Fund to finance the Project and, except for principal forgiven, required to be repaid pursuant to this Agreement;

(k) "Revenues" means all fees, rents, tolls, rates, rentals, interest earnings, or other charges received or receivable by a Local Government from the water or wastewater system which is the Project, or of which the Project is or will be a component, including any revenues derived or to be derived by the Local Government from a lease, agreement or contract with any other local government, local government instrumentality, the state, or a state or federal agency for the use of or in connection with the system, or all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the Local Government from the operation of the system or arising from the system; and

(l) "State" means the state of Tennessee acting through the Department and the Authority, jointly or separately, as the context requires.

2. PROJECT

(a) Description. The description of the Project is as described in the application submitted by the Local Government.

(b) Funding Sources. The Local Government estimates the Project Cost to be \$ 5,400,000 which is expected to be funded as follows:

(1) Project Loan	\$ 268,037
(2) Principal Forgiveness	\$ 1,072,148
(3) Local Funds	\$ 0.00
(4) Other Funds (SRF 2017-385)	\$ 4,059,815
	<hr/>
TOTAL	\$5,400,000

3. LOAN

(a) Loan and use of proceeds. The State shall lend to the Local Government from moneys available in the Fund an aggregate principal amount not to exceed \$ 1,340,185 to bear interest as described in (b) below. The Project Loan shall be used by the Local Government for completion of the Project and in accordance with engineering plans and specifications and

special conditions, approved and required by the Department and hereby incorporated into this Agreement. Interest on the Project Loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 of this Agreement.

- (b) Interest rate. The rate of interest for this Project Loan is that rate established by the Authority at the meeting at which this loan is approved, and stated on the payment schedule which is incorporated into and attached to this Agreement.
- (c) Administrative fee. The Authority shall collect a fee equal to 8 basis points of the total Project Loan, where one basis point is equal to one-hundredth of one percent (0.01%). This fee shall be payable in monthly installments equal to one-twelfth (1/12) of the annual fee amount as stated on the payment schedule.
- (d) Payment schedule. The Local Government expressly agrees to make all payments of principal and interest in accordance with the payment schedule, including the form of payment (currently electronic funds transfer), as it is from time to time revised by the State. A revision of the payment schedule shall not be deemed to be an amendment of this Agreement.

4. REPAYMENT OF PROJECT LOAN.

(a) Payments.

(1) The Local Government promises to repay to the order of the State the Project Loan plus interest, payable in installments on the 20th day of each month in accordance with the payment schedule established by the Authority and attached to this Agreement. The payment schedule will require payments of interest to begin after the first disbursement pursuant to Section 5 of this Agreement. The payment schedule will require repayments of principal to begin the earlier of:

(A) Within ninety (90) days after Initiation of Operation of the Project for construction loans or within two (2) years of loan approval for planning and design loans; or

(B) Within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed.

(2) Notwithstanding Section 4(a)(1), the Authority may agree, in the instance of a newly created water system, to defer the commencement of principal repayment for no more than one year after Initiation of Operation of the Project.

(b) Reduction. The Project Loan, and the required payments made pursuant to the payment schedule, shall be reduced to reflect:

(1) Funding not listed in Section 2(b) which subsequently becomes available; or

(2) The amount actually disbursed by the State to the Local Government pursuant to the Agreement as the Project Loan.

If any of the conditions set out in Section 4(b)(1) or (b)(2) occur, a new payment schedule reflecting such changes shall be submitted to the Local Government to be attached to this Agreement, superseding any previous schedules.

- (c) Prepayment. The Local Government, at its option, may prepay all or any portion of the Project Loan.
- (d) Principal Forgiven. A portion of the original principal of the Project Loan may be forgiven by the State. The principal forgiven shall be Eighty per cent (80 %) of the original principal amount of the Project Loan, or if the full original amount of the Project Loan is not used, then Eighty percent (80 %) of the amount of the Project Loan actually disbursed. Notwithstanding Section 3, no interest shall accrue on the amount of principal forgiven pursuant to this Section 4(d).

5. DISBURSEMENT OF PROJECT LOAN. Each request by the Local Government for disbursement of the Project Loan shall constitute a certification by the Local Government that all representations made in this Agreement remain true as of the date of the request and that no adverse developments affecting the financial condition of the Local Government or its ability to complete the Project or to repay the Project Loan plus interest have occurred since the date of this Agreement unless specifically disclosed in writing by the Local Government in the request for disbursement. Submitted requests for disbursement must be supported by proper invoices and other documentation required by and acceptable to the Department and the Authority.

After the Department has certified and the Authority has approved a request for disbursement, the Authority will disburse the Project Loan during the progress of the Project. Each disbursement shall be by electronic funds transfer or such other form of payment as specified in the payment schedule and shall be equal to that portion of the unpaid principal amount incurred to the date of the Local Government's request for disbursement. The amount of any principal forgiven shall be allocated on a pro-rata basis to each disbursement made.

No more than 90% of the Project Loan shall be paid to the Local Government prior to the time: 1) the construction of the Project has been completed; 2) the facilities constituting the Project are in the opinion of the Department in proper operation; and 3) the Project has been approved by the Department. Following approval of the Project by the Department, the remaining 10% of the Project Loan may be paid to the Local Government. Provided, however, that if this Project Loan is for planning or replanning and design, payments may be made prior to the completion of construction of the Project for the full amount of costs associated with the planning or replanning and design.

6. AMENDMENT.

- (a) Increase in Project Loan. If the final Project Cost is greater than is estimated in Section 2(b), then the Project Loan may be increased by a subsequent agreement executed by the parties to this Agreement (the amount of such increase may be subject to a different interest rate) if the following conditions are fulfilled:

- (1) Amounts in the Fund are authorized and available for such increase;

(2) The increased Project Loan otherwise meets the applicable statutory requirements and the rules adopted thereunder; and

(3) Such increase in this Project Loan does not result in any violation or breach of any contract, resolution, or ordinance of the Local Government.

(b) Other Amendments and Modifications. Any other amendment or modification of this Agreement must first be approved by the Authority and must be in writing executed by the parties to this Agreement.

7. REPRESENTATIONS AND COVENANTS OF LOCAL GOVERNMENT. The Local Government hereby represents, agrees, and covenants with the State as follows:

(a) To construct, operate and maintain the Project in accordance, and to comply, with all applicable federal and state statutes, rules, regulations, procedural guidelines, and grant conditions;

(b) To comply with:

(i) The Project schedule, engineering plans and specifications, and any and all special conditions established and/or revised by the Department; and

(ii) Any special conditions established and/or revised by the Authority, including, but not limited to, the Authority's "State Revolving Fund Policy and Guidance for Borrowers" adopted on September 21, 2016, and as may be amended or revised from time to time, the terms and conditions of which are adopted by reference as if fully set forth herein;

(c) To commence operation of the Project on its completion and not to contract with others for the operation and management of or to discontinue operation or dispose of the Project without the prior written approval of the Department and the Authority;

(d) To provide for the Local Government's share of the cost of the Project;

(e) To comply with applicable federal requirements including, but not limited to, the laws and executive orders listed on Exhibit A to this Agreement;

(f) To advise the Department before applying for federal or other state assistance for the Project;

(g) To establish and maintain adequate financial records for the Project in accordance with generally accepted government accounting principles; to cause to be made an annual audit acceptable to the Comptroller of the Treasury of the financial records and transactions covering each fiscal year; and to furnish a copy of such audit to the Authority. In the event of the failure or refusal of the Local Government to have the annual audit prepared, then the Comptroller of the Treasury may appoint an accountant or direct the Department of Audit to prepare the audit at the expense of the Local Government;

- (h) To provide and maintain competent and adequate engineering supervision and inspection of the Project to insure that the construction conforms with the engineering plans and specifications approved by the Department;
- (i) To abide by and honor any further guarantees or granting of security interests as may be required by the State which are not in conflict with state or federal law;
- (j) To do, file, or cause to be done or filed, any action or statement required to perfect or continue the lien(s) or pledge(s) granted or created hereunder;
- (k) To establish and collect, and to increase, user fees and charges as needed to pay the monthly installments due under this Agreement, as well as the other costs of operation and maintenance including depreciation and debt service of the system of which the Project is a part;
- (l) To establish and collect, and to increase user fees and charges sufficient to meet a 1.20X debt service coverage to net revenues. Net revenues are gross earnings, fees and charges, less current expenses. Current expenses are those incurred in the operation of the system, determined in accordance with generally accepted accounting principles ("GAAP"), including the reasonable and necessary costs of operating, maintaining, repairing and insuring the system, salaries, wages, cost of material and supplies, and insurance premiums, but shall specifically exclude depreciation and debt service payments;
- (m) No additional debt payable from Revenues will be issued or entered into unless:
 - (1) Prior approval is received from the Authority;
 - (2) The annual audit required by the terms of this Agreement for the most recent fiscal year has been delivered within six (6) months after the end of such fiscal year;
 - (3) The covenant in Section 7(l) above was met for the most recent fiscal year;
 - (4) The net revenues of the system for the next three fiscal years ending after the issuance of the additional debt, will be sufficient to comply with the covenant in Section 7(l) above; and
 - (5) The Local Government has adopted a revised schedule of rates and fees and taken action to put such revisions in effect at or prior to the issuance of the additional debt; and
- (n) The Local Government is subject to the jurisdiction of the Water and Wastewater Financing Board ("WWFB") established in Tenn. Code Ann. Section 68-221-1008 or of the Utility Management Review Board ("UMRB") created in Tenn. Code Ann. Section 7-82-701 as provided by law. If the Authority, in its sole discretion, determines that the Local Government's obligations under this Agreement have been or may be impaired, the Authority may refer the Local Government to the WWFB or UMRB (each a "Board") as appropriate. In

the event of default under this Agreement, the Authority shall refer the Local Government to the Board having jurisdiction over the entity. In such event, the Local Government covenants, to the extent permitted by law, to request advisory technical assistance from the Board and to request that the Board propose any and all management, fiscal and/or rate changes necessary to enable the Local Government to fulfill its obligations to the Authority under this Agreement. The Local Government agrees to supply the Board with any information that the Board may request in connection with its analysis of the Local Government's system. The Local Government agrees that it will implement any and all technical, management, fiscal and/or rate changes recommended by the Board and determined by the Authority to be required for the Local Government to fulfill its obligations to the Authority under this Agreement.

8. SECURITY AND DEFAULT.

(a) As security for payments due under this Agreement, the Local Government pledges user fees and charges, and covenants and agrees that it shall increase such fees and charges as needed to pay the monthly installments due under this Agreement, as well as the other costs of operation and maintenance of the system, including depreciation. The Local Government further pledges such other additional available sources of Revenues as are necessary to meet the obligations of the Local Government under this Agreement.

Prior to the first disbursement of funds under this Agreement, the Local Government will deposit with the Authority an amount of funds equal to the maximum annual debt service (the "security deposit"). The amount of the security deposit will be adjusted to reflect adjustments in the payment schedule. The Authority will credit the Local Government with interest earnings on the security deposit on at least an annual basis pursuant to policy of the Authority.

As further security for payments due under this Agreement, the Local Government pledges and assigns, subject to the provisions herein, any funds due to the Local Government from the State.

If the Local Government fails either to fully fund the security deposit as provided above or to remit the monthly payments as established in the payment schedule, the Authority shall deliver by certified mail written notice of such failure to the Local Government within 7 days of such failure and the Authority shall suspend making disbursements as provided in Section 5 until such delinquency is cured. If the Local Government fails to cure payment delinquency within 15 days of the receipt of such notice, such failure shall constitute an event of default under this Agreement, and in addition, the Authority shall apply from the security deposit only the funds necessary to liquidate the amount of the delinquency of the Local Government to the Authority as of that date. If the funds deposited in the security deposit are not sufficient to cure the delinquency, the Authority shall notify the Commissioner of Finance and Administration, and the Commissioner shall withhold such amount from any funds otherwise due to the Local Government from the State and pay such amount to the Authority for deposit into the Fund. The Local Government acknowledges that it has no claim on such funds withheld or paid over as permitted under this Agreement. The Local Government shall replenish the security deposit within 60 days from any withdrawal of funds from that account by the Authority to liquidate the delinquency as provided above. Failure to replenish the security deposit within 60 days shall constitute an event of default under this Agreement.

If the Local Government breaches any other provision of the Agreement, the Authority shall deliver by certified mail a written notice of such breach to the Local Government within 30 days of the Authority learning of the breach. The Local Government's failure to cure any breach within 60 days from receipt of notice of such breach shall constitute an event of default under this Agreement.

(b) Upon an event of default, the Authority may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. The Local Government shall be responsible for all costs that the Authority incurs in enforcing the provisions of this Agreement after an event of default, including but not limited to reasonable attorneys' fees.

9. CONDITIONS PRECEDENT. This Agreement is further conditioned on the receipt of the following documents in form and substance acceptable to the Authority, if applicable, on or before the date of the first disbursement of the Project Loan; each document is to be dated or certified, as the case may be, on or before the date of the first disbursement of the Project Loan.

(a) A general certificate of the Local Government certifying the resolution authorizing the Local Government to enter into this Agreement, the resolution authorizing the rate and fee structure for the users of the system, and other matters;

(b) An opinion of the attorney or special counsel to the Local Government to the effect that:

(1) The Local Government has been duly created and is validly existing and has full power and authority (under its charter and by-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of this Agreement;

(2) This Agreement is duly executed and constitutes a valid and binding contract of the Local Government, enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors rights generally;

(3) This Agreement is not in conflict in any material way with any contracts, resolutions, or ordinances of the Local Government; and

(4) There is no litigation materially adversely affecting this Agreement or the financial condition of the Local Government;

(c) An opinion of a licensed engineer or certified public accountant as to the sufficiency of the rates, fees and charges to meet the representations and covenants of the Local Government in Paragraphs 7(k) and (l) above;

(d) An opinion of a licensed engineer as to the reasonableness of the project costs and as to the estimated completion date of the Project; and

- (e) If the Project is for the expansion of a wastewater facility rather than remedial (correction of public health problem), the Local Government shall submit written evidence of consent to the expansion by the relevant governing bodies.

10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Agreement. The Local Government acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees, including but not limited to, the Department, the Authority, and the employees thereof, arising under this Agreement shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. Title 9, Chapter 8.
11. SEVERABILITY. In the event any covenant, condition or provision of this Agreement is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, the invalidity thereof shall in no way affect any of the other covenants, conditions or provisions hereof.
12. NOTICES. Any notice shall be delivered to the parties at the addresses below (or such other addresses as the parties shall specify to each other in writing):

To Department: Tennessee Department of Environment and Conservation
312 Rosa L. Parks Ave, 12th Floor
Nashville, TN 37243
ATTN: State Revolving Fund Loan Program

To Authority: Tennessee Local Development Authority
Suite 1600, James K. Polk Building
Nashville, TN 37243-0273
ATTN: Assistant Secretary

To Local Government: Water Authority of Dickson County
ATTN: Mr. Kyle C. Ruf, Chairman
101 Cowan Road
Dickson, Tennessee 37055

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

13. EFFECTIVE DATE. The effective date of this Agreement shall be the date on which the Authority approves this Agreement as indicated below.

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

LOCAL GOVERNMENT

NAME: Water Authority Dickson County
(Wastewater Authority)

BY: [Signature]
(Mr. Kyle C. Ruf, Chairman)

TITLE: _____

DATE: 7-21-17

**TENNESSEE LOCAL DEVELOPMENT
AUTHORITY**

BY: [Signature]

TITLE: Vice Chair/Secretary of State

MEETING APPROVAL DATE: 8/17/17

INTEREST RATE: 1.03%

**COMMISSIONER, TENNESSEE
DEPARTMENT OF ENVIRONMENT
AND CONSERVATION**

BY: [Signature]

DATE: 7/27/17

APPROVED AS TO FUNDING

**COMMISSIONER OF FINANCE AND
ADMINISTRATION**

[Signature]

DATE: 8/21/17

17-385

**REVOLVING FUND LOAN AGREEMENT
FOR REVENUE ENTITIES
(i.e. UTILITY DISTRICTS AND WATER/WASTEWATER/ENERGY AUTHORITIES)**

This Agreement is among the Tennessee Department of Environment and Conservation (the "Department"), the Tennessee Local Development Authority (the "Authority") and Water Authority Dickson County (the "Local Government"), which is a Tennessee governmental entity authorized to own, operate, and manage (wastewater facilities). The purpose of this Agreement is to provide for the financing of all or a portion of a wastewater facility by the Local Government. The Local Government submitted an application for the financing dated 7/21/2017, which is hereby incorporated into this Agreement.

1. **DEFINITIONS.** Unless the context in this Agreement indicates another meaning, the following terms shall have the following meaning:

- (a) "Administrative fee" means the fee to be collected by the Authority for administration of the loan in accordance with Tenn. Code Ann. Sections 68-221-1004(a) and 68-221-1204(a), both as amended;
- (b) "Agreement" means this agreement providing financing for the Project from the Fund;
- (c) "Facility" means either a wastewater facility or a water system;
- (d) "Fund" means:
 - (1) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, Tenn. Code Ann. Sections 68-221-1001 et seq., as amended, and rules promulgated thereunder, or
 - (2) For water projects, the drinking water revolving loan fund created by the Drinking Water Revolving Loan Fund Act of 1997, Tenn. Code Ann. Sections 68-221-1201 et seq., as amended, and rules promulgated thereunder;
- (e) "Initiation of Operation" means the date when all but minor components of the Project have been built, all treatment equipment is operational and the Project is capable of functioning as designed and constructed;
- (f) "Local Government" means the governmental entity borrowing under this Agreement described in (1) Tenn. Code Ann. Section 68-221-1003(7), as amended, if a wastewater facility and (2) Tenn. Code Ann. Section 68-221-1203(6), as amended, if a water system;
- (g) "Obligations" means bonds, notes and any other evidence of indebtedness lawfully issued or assumed by the Local Government;

(h) "Project" means the activities or tasks concerning a facility described in the application submitted by the Local Government to be financed pursuant to this Agreement;

(i) "Project Cost" means the total amount of funds necessary to complete the Project;

(j) "Project Loan" means the moneys loaned from the Fund to finance the Project and, except for principal forgiven, required to be repaid pursuant to this Agreement;

(k) "Revenues" means all fees, rents, tolls, rates, rentals, interest earnings, or other charges received or receivable by a Local Government from the water or wastewater system which is the Project, or of which the Project is or will be a component, including any revenues derived or to be derived by the Local Government from a lease, agreement or contract with any other local government, local government instrumentality, the state, or a state or federal agency for the use of or in connection with the system, or all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the Local Government from the operation of the system or arising from the system; and

(l) "State" means the state of Tennessee acting through the Department and the Authority, jointly or separately, as the context requires.

2. PROJECT

(a) Description. The description of the Project is as described in the application submitted by the Local Government.

(b) Funding Sources. The Local Government estimates the Project Cost to be \$ 5,400,000 which is expected to be funded as follows:

(1) Project Loan	\$ 4,059,815
(2) Principal Forgiveness	\$ 0.00
(3) Local Funds	\$ 0.00
(4) Other Funds (CG5 2017-384)	\$ 1,340,185
	<hr/>
TOTAL	\$5,400,000

3. LOAN

(a) Loan and use of proceeds. The State shall lend to the Local Government from moneys available in the Fund an aggregate principal amount not to exceed \$ 4,059,815 to bear interest as described in (b) below. The Project Loan shall be used by the Local Government for completion of the Project and in accordance with engineering plans and specifications and

special conditions, approved and required by the Department and hereby incorporated into this Agreement. Interest on the Project Loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 of this Agreement.

- (b) Interest rate. The rate of interest for this Project Loan is that rate established by the Authority at the meeting at which this loan is approved, and stated on the payment schedule which is incorporated into and attached to this Agreement.
- (c) Administrative fee. The Authority shall collect a fee equal to 8 basis points of the total Project Loan, where one basis point is equal to one-hundredth of one percent (0.01%). This fee shall be payable in monthly installments equal to one-twelfth (1/12) of the annual fee amount as stated on the payment schedule.
- (d) Payment schedule. The Local Government expressly agrees to make all payments of principal and interest in accordance with the payment schedule, including the form of payment (currently electronic funds transfer), as it is from time to time revised by the State. A revision of the payment schedule shall not be deemed to be an amendment of this Agreement.

4. REPAYMENT OF PROJECT LOAN.

(a) Payments.

(1) The Local Government promises to repay to the order of the State the Project Loan plus interest, payable in installments on the 20th day of each month in accordance with the payment schedule established by the Authority and attached to this Agreement. The payment schedule will require payments of interest to begin after the first disbursement pursuant to Section 5 of this Agreement. The payment schedule will require repayments of principal to begin the earlier of:

(A) Within ninety (90) days after Initiation of Operation of the Project for construction loans or within two (2) years of loan approval for planning and design loans; or

(B) Within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed.

(2) Notwithstanding Section 4(a)(1), the Authority may agree, in the instance of a newly created water system, to defer the commencement of principal repayment for no more than one year after Initiation of Operation of the Project.

(b) Reduction. The Project Loan, and the required payments made pursuant to the payment schedule, shall be reduced to reflect:

(1) Funding not listed in Section 2(b) which subsequently becomes available; or

(2) The amount actually disbursed by the State to the Local Government pursuant to the Agreement as the Project Loan.

If any of the conditions set out in Section 4(b)(1) or (b)(2) occur, a new payment schedule reflecting such changes shall be submitted to the Local Government to be attached to this Agreement, superseding any previous schedules.

- (c) Prepayment. The Local Government, at its option, may prepay all or any portion of the Project Loan.
- (d) Principal Forgiven. A portion of the original principal of the Project Loan may be forgiven by the State. The principal forgiven shall be zero per cent (0 %) of the original principal amount of the Project Loan, or if the full original amount of the Project Loan is not used, then- zero percent (0 %) of the amount of the Project Loan actually disbursed. Notwithstanding Section 3, no interest shall accrue on the amount of principal forgiven pursuant to this Section 4(d).

5. DISBURSEMENT OF PROJECT LOAN. Each request by the Local Government for disbursement of the Project Loan shall constitute a certification by the Local Government that all representations made in this Agreement remain true as of the date of the request and that no adverse developments affecting the financial condition of the Local Government or its ability to complete the Project or to repay the Project Loan plus interest have occurred since the date of this Agreement unless specifically disclosed in writing by the Local Government in the request for disbursement. Submitted requests for disbursement must be supported by proper invoices and other documentation required by and acceptable to the Department and the Authority.

After the Department has certified and the Authority has approved a request for disbursement, the Authority will disburse the Project Loan during the progress of the Project. Each disbursement shall be by electronic funds transfer or such other form of payment as specified in the payment schedule and shall be equal to that portion of the unpaid principal amount incurred to the date of the Local Government's request for disbursement. The amount of any principal forgiven shall be allocated on a pro-rata basis to each disbursement made.

No more than 90% of the Project Loan shall be paid to the Local Government prior to the time: 1) the construction of the Project has been completed; 2) the facilities constituting the Project are in the opinion of the Department in proper operation; and 3) the Project has been approved by the Department. Following approval of the Project by the Department, the remaining 10% of the Project Loan may be paid to the Local Government. Provided, however, that if this Project Loan is for planning or replanning and design, payments may be made prior to the completion of construction of the Project for the full amount of costs associated with the planning or replanning and design.

6. AMENDMENT.

- (a) Increase in Project Loan. If the final Project Cost is greater than is estimated in Section 2(b), then the Project Loan may be increased by a subsequent agreement executed by the parties to this Agreement (the amount of such increase may be subject to a different interest rate) if the following conditions are fulfilled:

- (1) Amounts in the Fund are authorized and available for such increase;

(2) The increased Project Loan otherwise meets the applicable statutory requirements and the rules adopted thereunder; and

(3) Such increase in this Project Loan does not result in any violation or breach of any contract, resolution, or ordinance of the Local Government.

(b) Other Amendments and Modifications. Any other amendment or modification of this Agreement must first be approved by the Authority and must be in writing executed by the parties to this Agreement.

7. REPRESENTATIONS AND COVENANTS OF LOCAL GOVERNMENT. The Local Government hereby represents, agrees, and covenants with the State as follows:

(a) To construct, operate and maintain the Project in accordance, and to comply, with all applicable federal and state statutes, rules, regulations, procedural guidelines, and grant conditions;

(b) To comply with:

(i) The Project schedule, engineering plans and specifications, and any and all special conditions established and/or revised by the Department; and

(ii) Any special conditions established and/or revised by the Authority, including, but not limited to, the Authority's "State Revolving Fund Policy and Guidance for Borrowers" adopted on September 21, 2016, and as may be amended or revised from time to time, the terms and conditions of which are adopted by reference as if fully set forth herein;

(c) To commence operation of the Project on its completion and not to contract with others for the operation and management of or to discontinue operation or dispose of the Project without the prior written approval of the Department and the Authority;

(d) To provide for the Local Government's share of the cost of the Project;

(e) To comply with applicable federal requirements including, but not limited to, the laws and executive orders listed on Exhibit A to this Agreement;

(f) To advise the Department before applying for federal or other state assistance for the Project;

(g) To establish and maintain adequate financial records for the Project in accordance with generally accepted government accounting principles; to cause to be made an annual audit acceptable to the Comptroller of the Treasury of the financial records and transactions covering each fiscal year; and to furnish a copy of such audit to the Authority. In the event of the failure or refusal of the Local Government to have the annual audit prepared, then the Comptroller of the Treasury may appoint an accountant or direct the Department of Audit to prepare the audit at the expense of the Local Government;

- (h) To provide and maintain competent and adequate engineering supervision and inspection of the Project to insure that the construction conforms with the engineering plans and specifications approved by the Department;
- (i) To abide by and honor any further guarantees or granting of security interests as may be required by the State which are not in conflict with state or federal law;
- (j) To do, file, or cause to be done or filed, any action or statement required to perfect or continue the lien(s) or pledge(s) granted or created hereunder;
- (k) To establish and collect, and to increase, user fees and charges as needed to pay the monthly installments due under this Agreement, as well as the other costs of operation and maintenance including depreciation and debt service of the system of which the Project is a part;
- (l) To establish and collect, and to increase user fees and charges sufficient to meet a 1.20X debt service coverage to net revenues. Net revenues are gross earnings, fees and charges, less current expenses. Current expenses are those incurred in the operation of the system, determined in accordance with generally accepted accounting principles ("GAAP"), including the reasonable and necessary costs of operating, maintaining, repairing and insuring the system, salaries, wages, cost of material and supplies, and insurance premiums, but shall specifically exclude depreciation and debt service payments;
- (m) No additional debt payable from Revenues will be issued or entered into unless:
 - (1) Prior approval is received from the Authority;
 - (2) The annual audit required by the terms of this Agreement for the most recent fiscal year has been delivered within six (6) months after the end of such fiscal year;
 - (3) The covenant in Section 7(l) above was met for the most recent fiscal year;
 - (4) The net revenues of the system for the next three fiscal years ending after the issuance of the additional debt, will be sufficient to comply with the covenant in Section 7(l) above; and
 - (5) The Local Government has adopted a revised schedule of rates and fees and taken action to put such revisions in effect at or prior to the issuance of the additional debt; and
- (n) The Local Government is subject to the jurisdiction of the Water and Wastewater Financing Board ("WWFB") established in Tenn. Code Ann. Section 68-221-1008 or of the Utility Management Review Board ("UMRB") created in Tenn. Code Ann. Section 7-82-701 as provided by law. If the Authority, in its sole discretion, determines that the Local Government's obligations under this Agreement have been or may be impaired, the Authority may refer the Local Government to the WWFB or UMRB (each a "Board") as appropriate. In the event of default under this Agreement, the Authority shall refer the Local Government to

the Board having jurisdiction over the entity. In such event, the Local Government covenants, to the extent permitted by law, to request advisory technical assistance from the Board and to request that the Board propose any and all management, fiscal and/or rate changes necessary to enable the Local Government to fulfill its obligations to the Authority under this Agreement. The Local Government agrees to supply the Board with any information that the Board may request in connection with its analysis of the Local Government's system. The Local Government agrees that it will implement any and all technical, management, fiscal and/or rate changes recommended by the Board and determined by the Authority to be required for the Local Government to fulfill its obligations to the Authority under this Agreement.

8. SECURITY AND DEFAULT.

(a) As security for payments due under this Agreement, the Local Government pledges user fees and charges, and covenants and agrees that it shall increase such fees and charges as needed to pay the monthly installments due under this Agreement, as well as the other costs of operation and maintenance of the system, including depreciation. The Local Government further pledges such other additional available sources of Revenues as are necessary to meet the obligations of the Local Government under this Agreement.

Prior to the first disbursement of funds under this Agreement, the Local Government will deposit with the Authority an amount of funds equal to the maximum annual debt service (the "security deposit"). The amount of the security deposit will be adjusted to reflect adjustments in the payment schedule. The Authority will credit the Local Government with interest earnings on the security deposit on at least an annual basis pursuant to policy of the Authority.

As further security for payments due under this Agreement, the Local Government pledges and assigns, subject to the provisions herein, any funds due to the Local Government from the State.

If the Local Government fails either to fully fund the security deposit as provided above or to remit the monthly payments as established in the payment schedule, the Authority shall deliver by certified mail written notice of such failure to the Local Government within 7 days of such failure and the Authority shall suspend making disbursements as provided in Section 5 until such delinquency is cured. If the Local Government fails to cure payment delinquency within 15 days of the receipt of such notice, such failure shall constitute an event of default under this Agreement, and in addition, the Authority shall apply from the security deposit only the funds necessary to liquidate the amount of the delinquency of the Local Government to the Authority as of that date. If the funds deposited in the security deposit are not sufficient to cure the delinquency, the Authority shall notify the Commissioner of Finance and Administration, and the Commissioner shall withhold such amount from any funds otherwise due to the Local Government from the State and pay such amount to the Authority for deposit into the Fund. The Local Government acknowledges that it has no claim on such funds withheld or paid over as permitted under this Agreement. The Local Government shall replenish the security deposit within 60 days from any withdrawal of funds from that account by the Authority to liquidate the delinquency as provided above. Failure to replenish the security deposit within 60 days shall constitute an event of default under this Agreement.

If the Local Government breaches any other provision of the Agreement, the Authority shall deliver by certified mail a written notice of such breach to the Local Government within 30 days of the Authority learning of the breach. The Local Government's failure to cure any breach within 60 days from receipt of notice of such breach shall constitute an event of default under this Agreement.

(b) Upon an event of default, the Authority may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. The Local Government shall be responsible for all costs that the Authority incurs in enforcing the provisions of this Agreement after an event of default, including but not limited to reasonable attorneys' fees.

9. CONDITIONS PRECEDENT. This Agreement is further conditioned on the receipt of the following documents in form and substance acceptable to the Authority, if applicable, on or before the date of the first disbursement of the Project Loan; each document is to be dated or certified, as the case may be, on or before the date of the first disbursement of the Project Loan.

(a) A general certificate of the Local Government certifying the resolution authorizing the Local Government to enter into this Agreement, the resolution authorizing the rate and fee structure for the users of the system, and other matters;

(b) An opinion of the attorney or special counsel to the Local Government to the effect that:

(1) The Local Government has been duly created and is validly existing and has full power and authority (under its charter and by-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of this Agreement;

(2) This Agreement is duly executed and constitutes a valid and binding contract of the Local Government, enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors rights generally;

(3) This Agreement is not in conflict in any material way with any contracts, resolutions, or ordinances of the Local Government; and

(4) There is no litigation materially adversely affecting this Agreement or the financial condition of the Local Government;

(c) An opinion of a licensed engineer or certified public accountant as to the sufficiency of the rates, fees and charges to meet the representations and covenants of the Local Government in Paragraphs 7(k) and (l) above;

(d) An opinion of a licensed engineer as to the reasonableness of the project costs and as to the estimated completion date of the Project; and

- (e) If the Project is for the expansion of a wastewater facility rather than remedial (correction of public health problem), the Local Government shall submit written evidence of consent to the expansion by the relevant governing bodies.

10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Agreement. The Local Government acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees, including but not limited to, the Department, the Authority, and the employees thereof, arising under this Agreement shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. Title 9, Chapter 8.
11. SEVERABILITY. In the event any covenant, condition or provision of this Agreement is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, the invalidity thereof shall in no way affect any of the other covenants, conditions or provisions hereof.
12. NOTICES. Any notice shall be delivered to the parties at the addresses below (or such other addresses as the parties shall specify to each other in writing):

To Department: Tennessee Department of Environment and Conservation
312 Rosa L. Parks Ave, 12th Floor
Nashville, TN 37243
ATTN: State Revolving Fund Loan Program

To Authority: Tennessee Local Development Authority
Suite 1600, James K. Polk Building
Nashville, TN 37243-0273
ATTN: Assistant Secretary

To Local Government: Water Authority of Dickson County
ATTN: Mr. Kyle C. Ruf, Chairman
101 Cowan Road
Dickson, Tennessee 37055

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

13. EFFECTIVE DATE. The effective date of this Agreement shall be the date on which the Authority approves this Agreement as indicated below.

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

LOCAL GOVERNMENT

NAME: Water Authority Dickson County
(Wastewater Authority)

BY: [Signature]
(Mr. Kyle C. Ruf, Chairman)

TITLE: _____

DATE: 7-21-17

**TENNESSEE LOCAL DEVELOPMENT
AUTHORITY**

BY: [Signature]

TITLE: Vice chair/secretary of state

MEETING APPROVAL DATE: 8/17/17

INTEREST RATE: 1.03%

**COMMISSIONER, TENNESSEE
DEPARTMENT OF ENVIRONMENT
AND CONSERVATION**

BY: [Signature]

DATE: 7/27/17

APPROVED AS TO FUNDING

**COMMISSIONER OF FINANCE AND
ADMINISTRATION**

[Signature]

DATE: 8/21/17