NEW ISSUE
BOOK-ENTRY-ONLY

Rating: S&P "AA"

PRELIMINARY OFFICIAL STATEMENT

$3,050,000*

HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

Water and Sewer Revenue Refunding Bonds, Series 2021C (Not Bank-Qualified)

OFFERED FOR SALE NOT SOONER THAN

Monday, August 16, 2021 at 11:15 A.M. E.D.T. / 10:15 A.M. C.D.T.
Through the Facilities of ***PARITY***®

C|S
SINCE 1931
CUMBERLAND SECURITIES
INDEPENDENT FINANCIAL ADVISOR

August 2, 2021

*Preliminary, subject to change.

This *Preliminary Official Statement* and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the *Official Statement* is delivered in final form. Under no circumstances shall this *Preliminary Official Statement* constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 2, 2021

NEW ISSUE Rating: S&P: "AA"

Book-Entry-Only (See "MISCELLANEOUS – RATING" herein.)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the District, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Legal Matters - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Legal Matters - Tax Matters" herein).

$3,050,000*

HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

Water and Sewer Revenue Refunding Bonds, Series 2021C

Dated: Date of Issuance (assume August 27, 2021). Due: August 1 (as indicated below)

The $3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C (the "Bonds") issued by the Hendersonville Utility District of Sumner County, Tennessee (the "District") are issuable in fully registered form in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on February 1, 2022 and thereafter on each August 1 and February 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds are payable from and secured by a pledge of revenues to be derived from the operation of the District's Water and Sewer System (the "System"), on a parity and equality of lien with the Outstanding Parity Bonds, as defined herein, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System and subject to a prior pledge of such revenues in favor of the Prior Lien Bond, as defined herein.

The Bonds maturing August 1, 2030 and thereafter are subject to optional redemption prior to maturity on or after August 1, 2029.

Due (August 1)	Amount*	Interest Rate	Yield	CUSIP**	Due (August 1)	Amount*	Interest Rate	Yield	CUSIP**
2022	$ 170,000				2031	$ 170,000			
2023	170,000				2032	170,000			
2024	170,000				2033	170,000			
2025	170,000				2034	170,000			
2026	170,000				2035	170,000			
2027	170,000				2036	170,000			
2028	170,000				2037	170,000			
2029	170,000				2038	165,000			
2030	170,000				2039	165,000			

(Accrued Interest to be Added)

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Preliminary Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville and Nashville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon from Branstetter, Stranch & Jennings, PLLC, Nashville, Tennessee, as counsel to the District. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, New York, on or about August , 2021.

Cumberland Securities Company, Inc.

Municipal Advisor

August , 2021

*Preliminary, subject to change.

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate (as defined herein), and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer or the Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

**Copyright, American Bankers Association (the “ABA”). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

OFFICIALS

W.C. Boyers
President

Ronald E. Flowers
Treasurer

J.W. McMurray
Secretary

GENERAL MANAGER

Joe Rewa

COUNSEL TO THE DISTRICT

Branstetter, Stranch & Jennings, PLLC
Nashville, Tennessee

REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

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The System

Operating and Financial History of the System

Sumner County, Tennessee

SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

The Issuer	Hendersonville Utility District of Sumner County, Tennessee (the "District" or "Issuer"). See APPENDIX B contained herein.
Securities Offered	$3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C, maturing August 1, 2022 through August 1, 2039, inclusive, (the "Bonds") of the Issuer. The Bonds will be dated the date of issuance (assume August 27, 2021). See the section entitled "SECURITIES OFFERED" for additional information.
Security	The Bonds shall be payable solely from and secured by a pledge of the Net Revenues on a parity and equality of lien with the Outstanding Parity Bonds and any Parity Bonds hereafter issued, subject to the prior pledges of such Net Revenues in favor of the Prior Lien Bond. The punctual payment of principal of and premium, if any, and interest on the Bonds, the Outstanding Parity Bonds and any Parity Bonds hereafter issued 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 Sumner County, Tennessee, the State of Tennessee, or any political subdivision, agency or instrumentality thereof, or municipal corporation therein, other than the District, and no holder of the Bonds shall have recourse to the taxing power of any such entities. The District has no taxing power.
Purpose	The Bonds are being issued for the purpose of providing funds for refinancing a portion of the Outstanding Bonds, as described herein, and finance the costs of issuing the Bonds.
Optional Redemption	The Bonds maturing August 1, 2030 and thereafter are subject to optional redemption prior to maturity on or after August 1, 2029, at the redemption price of par plus accrued interest. See section entitled "SECURITIES OFFERED - Optional Redemption".
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Issuer, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled "LEGAL MATTERS-Tax Matters" and APPENDIX A (form of opinion) included herein.
Rating	S&P: "AA". See the section entitled "MISCELLANEOUS - Rating" for more information.
Registration and Paying Agent	Regions Bank, Nashville, Tennessee (the "Registration Agent").
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee.
Municipal Advisor	Cumberland Securities Company, Inc. See the section entitled "MISCELLANEOUS - Municipal Advisor; Related Parities; Others", herein.
Underwriter	________________________________.
Book-Entry-Only	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION – Book–Entry-Only System".
General	The Bonds are being issued in full compliance with applicable provisions of the Title 7, Chapter 82, and Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and

* Preliminary, subject to change.

revised. See the section entitled "SECURITIES OFFERED – Authority and Purpose." The Bonds will be issued with CUSIP numbers through the facilities of The Depository Trust Company, New York, New York.

Disclosure ....In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, the Issuer will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."

Other Information..............................The information in this *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omission of certain pricing and other information. For more information concerning the Issuer or the *Preliminary Official Statement*, contact Joe Rewa, General Manager, 125 Indian Lake Road, Hendersonville, Tennessee 37077, Telephone: 615-824-3717 or the Issuer's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: 800.850.7422.

Hendersonville Utility District
Summary of Changes in Net Positions

For the Fiscal Year Ended June 30

	2016	**2017**	**2018**	**2019**	**2020**
Beginning Net Assets	$85,950,366	$92,294,710	$91,821,185	$94,433,363	$97,889,930
Revenues	19,985,570	20,410,011	19,989,572	20,522,527	19,479,542
Expenditures	15,308,806	16,437,894	17,002,925	17,723,326	17,634,697
Non-Operating Revenue (Expense)	(1,801,878)	(2,070,904)	(1,676,067)	(1,548,432)	(1,439,259)
Contributions	3.298,786	551,066	1,301,598	2,205,798	230,920
Change in Net Assets	6,173,672	2,452,279	2,612,178	3,456,567	636,506
Prior Period Adjustments	-	170,672	(2,925,804)	-	-
Ending Net Assets	**$92,124,038**	**$94,746,989**	**$94,433,363**	**$97,889,930**	**$98,526,436**

Source: Comprehensive Annual Financial Reports of the Hendersonville Utility District of Sumner County, Tennessee.

SUMMARY NOTICE OF SALE

$3,050,000*

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE
Water and Sewer Revenue Refunding Bonds, Series 2021C

NOTICE IS HEREBY GIVEN that the President of the Hendersonville Utility District of Sumner County, Tennessee (the "District" or "Issuer") will receive electronic or written sealed bids until **11:15 a.m. E.D.T. / 10:15 a.m. C.D.T.** on **Monday, August 16, 2021** for the purchase of all, but not less than all, of the Issuer's $3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C (the "Bonds"). Electronic bids must be submitted through ***PARITY***® as described in the "Detailed Notice of Sale". In case of written bids, bids will be received by the Issuer's Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the Issuer reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY***® System not later than 10:15 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY***® System.

Electronic bids must be submitted through ***PARITY***® via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by ***PARITY***® shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in ***PARITY***® conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume August 27, 2021). The Bonds will mature on August 1 in the years 2022 through 2039, inclusive, with term bonds optional, with interest payable on August 1 and February 1 of each year, commencing February 1, 2022, and will be subject to optional redemption prior to maturity on or after August 1, 2029. Bidders must bid not less than ninety-nine and one-half percent (99.50%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the District by Bass, Berry & Sims PLC, Bond Counsel, Nashville, Tennessee. **The interest rate bid for each maturity of the Bonds shall not exceed three percent (3.00%) per annum.** Unless bids are rejected, the Bonds will be awarded by the President of the District on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds and complies with all of the bid parameters outlined in this Summary Notice of Sale and the Detailed Notice of Sale.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the District will require bidders to comply with the "hold-the-offering-price rule" for purposes of determining the issue price of the Bonds as described in the Detailed Notice of Sale. Bids will not be subject to cancellation in the event that the competitive sale requirements of applicable Treasury Regulations are not satisfied.

Additional information, including the *Preliminary Official Statement* in near final form and the Detailed Notice of Sale, may be obtained through www.prospectushub.com or from the District's Municipal Advisor, Cumberland Securities Company, Inc., (865) 988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE
By: W. C. Boyers, President

* Preliminary, subject to change.

DETAILED NOTICE OF SALE

$3,050,000*

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE
Water and Sewer Revenue Refunding Bonds, Series 2021C

NOTICE IS HEREBY GIVEN that the President of the Hendersonville Utility District of Sumner County, Tennessee (the "District" or "Issuer") will receive electronic or written sealed bids until **11:15 a.m. E.D.T. / 10:15 a.m. C.D.T.** on **Monday, August 16, 2021** for the purchase of all, but not less than all, of the Issuer's $3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C (the "Bonds"). Electronic bids must be submitted through ***PARITY®*** as described in this "Detailed Notice of Sale". In case of written bids, bids will be received by the Issuer's Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the District reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in this Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY®*** System not later than 10:15 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY®*** System.

Description of the Bonds. The Bonds will be issued in book-entry-only form without coupons and will be issued or reissued upon transfer, in $5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable. Interest on the Bonds will be payable on August 1 and February 1 of each year, commencing February 1, 2022. The Bonds will mature and be payable on August 1 of each year as follows:

YEAR (AUGUST 1)	AMOUNT*	YEAR (AUGUST 1)	AMOUNT*
2022	$ 170,000	2031	$ 170,000
2023	170,000	2032	170,000
2024	170,000	2033	170,000
2025	170,000	2034	170,000
2026	170,000	2035	170,000
2027	170,000	2036	170,000
2028	170,000	2037	170,000
2029	170,000	2038	165,000
2030	170,000	2039	165,000

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the "Book-Entry-Only System"). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only System will evidence beneficial ownership interests of the Bonds in the principal amount of $5,000 for the Bonds and any integral multiple of $5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The District will not be responsible or liable for such transfer of payments or for

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* Preliminary, subject to change.

maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the successful bidder for the Bonds certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-Entry-Only System is not required.

In the event that the Book-Entry-Only System for the Bonds is discontinued and a successor securities depository is not appointed by the District, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of $5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) and the District and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds are payable solely from and secured by a pledge of revenues to be derived from the operation of the District's water and sewer system (the "System) on a parity and complete equality of lien with respect to such revenues with the District's Water and Sewer Revenue Refunding Bonds, Series 2015, dated June 30, 2015; its Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated April 1, 2016; its Water and Sewer Revenue Refunding Bonds, Series 2020, dated December 1, 2020, and its Water and Sewer Revenue Bonds, Series 2021A, dated August 2, 2021, and its Water and Sewer Revenue Refunding Bonds, Series 2021B, dated August 27, 2021 (collectively, the "Outstanding Parity Bonds"), and any bonds issued hereafter on parity with the Outstanding Parity Bonds and/or the Bonds, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System and subject to the prior pledges of such revenues in favor of its outstanding Waterworks and Sewer Revenue Bond, Series 1995 dated August 19, 1996 (the "Prior Lien Bond"). As provided in the Resolution, the punctual payment of principal of and interest on the Bonds, the Outstanding Parity Bonds 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. The revenues of the District are required by law and by the proceedings pursuant to which the Bonds are issued to be fully sufficient to pay the cost of operating, maintaining, repairing and insuring the System, including reserves therefor, to pay principal of and interest on the Prior Lien Bond, and to pay principal of and interest on the Outstanding Parity Bonds and the Bonds promptly as they become due and payable. The District has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on the Outstanding Parity Bonds and the Bonds as they become due. The Bonds and the interest hereon are payable solely from the revenues so pledged to the payment hereof, and the Bonds do not constitute a debt of the District within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which the Bonds are payable, a statement of the conditions on which obligations may hereafter be issued on a parity with the Bonds, the general covenants and provisions pursuant to which Bonds are issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

A statutory mortgage lien, which is hereby recognized as valid and binding, is created and granted by the Act on the System, subject to the Prior Lien Bond, in favor of the owner or owners of the Bonds, the Outstanding Parity Bonds and any bonds hereafter issued on a parity therewith, and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on said Bonds.

Municipal Bond Insurance. The District has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The District will cooperate with the successful bidder in obtaining such insurance, but the District will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of the rating agency that will be paid by the District.

Purpose. The Bonds are being issued for the purpose of providing funds for refinancing a portion of the Outstanding Bonds, as described herein, and finance the costs of issuing the Bonds.

Optional Redemption. The Bonds maturing on August 1, 2030 and thereafter are subject to optional redemption prior to maturity at the option of the District on or after August 1, 2029, at any time at the redemption price of par plus accrued interest.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If a successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the District at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the bid of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date.

Bidding Instructions. The District will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. **Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be in excess of three percent (3.00%) per annum.** A single interest rate shall apply to each single maturity of the Bonds. Bidders must bid not less than ninety-nine and one-half percent (99.50%) of par or no more than one hundred and twenty-five percent (125%) of par.

Electronic bids must be submitted through ***PARITY®*** via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by ***PARITY®*** shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in ***PARITY®*** conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of ***PARITY®*** shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by ***PARITY®***. The use of ***PARITY®*** facilities are at the sole risk of the prospective bidders.

For further information regarding ***PARITY®***, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the District's Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The District and the Municipal Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Any written bids should be submitted by facsimile to the District's Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the *Preliminary Official Statement.*

The District reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted.

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the President to the bidder whose bid complies with this notice and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the President shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the District reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Adjustment and/or Revision. While it is the District's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds or if the refundings fail to save the District the funds necessary to complete the refundings. Accordingly, the President reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the President may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the District. Additionally, the President reserves the right to change the dated date of the Bonds.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the District's Municipal Advisor (by wire transfer) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A wire transfer must be received by the District's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire instructions will be sent to the winning bidder after all bids are received.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the District as liquidated damages.

In the event of the failure of the District to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Establishment of Issue Price

Undertakings of the Successful Bidder. The successful bidder for the Bonds shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the District in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the District within 24 hours after award, furnish the following information to the District to complete the *Official Statement* in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the District that the Bonds were initially offered to the public).
B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
C. Any other material information that the District determines is necessary to complete the *Official Statement* in final form.

After the award of the Bonds, the District will prepare copies of the final *Official Statement* and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the District will not include in the final *Official Statement* a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the District in all aspects for the accuracy and completeness of information provided by such successful bidders with respect to such reoffering.

The District expects the successful bidder to deliver copies of such *Official Statement* in final form (the "Final Official Statement") to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board ("MSRB") via the MSRB's Electronic Municipal Market Access System ("EMMA"). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that each has made delivery of the Final Official Statement to the MSRB, to acknowledge that the District expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Establishment of Issue Price

a. The successful bidder shall assist the District in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the District under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the District by the Municipal Advisor, and any notice or report to be provided to the District may be provided to the Municipal Advisor.

b. The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

    1. the District shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

    2. all bidders shall have an equal opportunity to bid;

    3. the District expects to receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

    4. the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale.

Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

c. In the event that the Competitive Sale Requirements are not satisfied as to the Bonds, the District shall so advise the successful bidder. In such event, the District intends to treat the (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "Hold-the-Offering-Price Rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District promptly after the award of the Bonds if any maturities of the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Hold-the-Offering-Price Rule shall apply to all maturities that do not satisfy the 10% Test as of the sale date. Bids will not be subject to cancellation in the event that the District determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

d. By submitting a bid, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder for the Bonds shall deemed to have (i) confirmed that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

   1. the close of the fifth (5th) business day after the sale date; or

   2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

   In the event of application of the Hold-the-Offering-Price Rule to any maturity of the Bonds, any successful bidder will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

e. By submitting a bid, each bidder confirms that:

   (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

   (A) (1) to report the prices at which it sells to the public any unsold Bonds of each maturity allocated to it to which the Hold-the-Offering-Price Rule applies until the close of the fifth (5th) business day after the sale date and (2) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires,

   (B) to promptly notify the successful bidder of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and

   (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

   (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity to which the Hold-the-Offering-Price Rule applies allocated to it until the close of the fifth (5th) business day after the sale date and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

f. The District acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds.

g. Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:

    1. "public" means any person other than an underwriter or a related party;

    2. "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

    3. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

    4. "sale date" means the date that the Bonds are awarded by the District to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the District, at closing, with an issue price certificate consistent with the foregoing and meeting the requirements of bond counsel. The form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Competitive Sale Requirements are met, and the form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit B if the Competitive Sale Requirements are not met.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Knoxville and Nashville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the

District. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal law alternative minimum tax. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the District will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the District by not later than twelve months after each of the District's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the District is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the District either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events are summarized in the *Preliminary Official Statement*.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days notice will be given to the successful bidder of such delivery. Delivery will be made in Book-Entry-Only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the District. The District will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The District has deemed the *Preliminary Official Statement* to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. The District will furnish the successful bidder at the expense of the District a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom each such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of a bid of the Bonds will constitute a contract between the District and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the District's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding ***PARITY®*** may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

By: W. C. Boyers
President

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EXHIBIT A

HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

[$_________ Water and Sewer Revenue Refunding Bonds, Series 2021C]

ISSUE PRICE CERTIFICATE

(if Competitive Sale Requirements are met)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Hendersonville Utility District of Sumner County, Tennessee (the "Issuer").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(c) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 16, 2021.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: ____________________

[NAME OF UNDERWRITER]

By: ______________________________

Name: ____________________________

Title: _____________________________

EXHIBIT B

HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE
[$_________ Water and Sewer Revenue Refunding Bonds, Series 2021C]

ISSUE PRICE CERTIFICATE
(if Competitive Sale Requirements are not met)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]") [and the other members of the underwriting syndicate (together, the "Underwriting Group")], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the Hendersonville Utility District of Sumner County, Tennessee (the "Issuer").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) [SHORT NAME OF UNDERWRITER] offered the Hold-The-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the [Detailed Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-The-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-The-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the "Hold-The-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Hold-The-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-The-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(f) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 16, 2021.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated:____________________

[NAME OF UNDERWRITER]

By:____________________________________

Name: _________________________________

Title: __________________________________

BID FORM

W. C. Boyers, President
125 Indian Lake Road
Hendersonville, Tennessee 37077

August 16, 2021

Dear Mr. Boyers:

For your legally issued, properly executed $3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C (the "Bonds") of the Hendersonville Utility District of Sumner County, Tennessee, in all respects as more fully outlined in your Detailed Notice of Sale, which by reference are made a part hereof, we will pay you a sum of _________ ($__________).

The Bonds shall be dated the date of issuance (assume August 27, 2021) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on August 1 and bear interest at the following rates:

Maturity (August 1)	**Amount***	**Rate**	**Maturity (August 1)**	**Amount***	**Rate**
2022	$ 170,000	___	2031	$ 170,000	___
2023	170,000	___	2032	170,000	___
2024	170,000	___	2033	170,000	___
2025	170,000	___	2034	170,000	___
2026	170,000	___	2035	170,000	___
2027	170,000	___	2036	170,000	___
2028	170,000	___	2037	170,000	___
2029	170,000	___	2038	165,000	___
2030	170,000	___	2039	165,000	___

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

Term Bond 1: Maturities from August 1, 20_______ through August 1, 20_______ @ _______%.
Term Bond 2: Maturities from August 1, 20_______ through August 1, 20_______ @ _______%.
Term Bond 3: Maturities from August 1, 20_______ through August 1, 20_______ @ _______%.
Term Bond 4: Maturities from August 1, 20_______ through August 1, 20_______ @ _______%.
Term Bond 5: Maturities from August 1, 20_______ through August 1, 20_______ @ _______%.
Term Bond 6: Maturities from August 1, 20_______ through August 1, 20_______ @ _______%.

It is our understanding that the Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Bond Counsel, Nashville, Tennessee, whose opinion together with the executed Bonds, will be furnished by the District without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for up to 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the
Hendersonville Utility District of Sumner County, Tennessee
This 16th day of August 2021.

____
W. C. Boyers, President

Respectfully submitted,
____

Total interest cost from
August 27, 2021 to final maturity $__________
Less: Premium /plus discount, if any $
Net Interest Cost...................... $____________
True Interest Rate...................._______%

The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.

*Preliminary, subject to change.

$3,050,000*
HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE
Water and Sewer Revenue Refunding Bonds, Series 2021C

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Preliminary Official Statement*, which includes the "Summary Statement" and appendices, is furnished in connection with the offering by the Hendersonville Utility District of Sumner County, Tennessee (the "District" or "Issuer") of its $3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Title 7, Chapter 82, and Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, and other applicable provisions of law and pursuant to a resolution authorizing Water and Sewer Revenue Refunding Bonds duly adopted by the Board of Commissioners (the "Governing Body") of the District on June 3, 2021 (the "Resolution").

The Bonds are being issued for the purpose of providing funds for refinancing a portion of the Outstanding Bonds, as described below, and finance the costs of issuing the Bonds.

REFUNDING PLAN

The District is proposing to refinance its outstanding Water and Sewer Revenue Bonds, Series 2012, dated April 5, 2012, maturing August 1, 2022 through August 1, 2039 in the approximate principal amount of $3,050,000 (the "Outstanding Bonds"). The Outstanding Bonds will be called for redemption on August 27, 2021, at the redemption price of par plus accrued interest.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the "Plan") for the Outstanding Bonds was submitted to the Director of the Division of Local Government Finance for review, and a report was received thereon.

DESCRIPTION OF THE BONDS

The Bonds will be initially dated and bear interest from the date of issuance (assume August 27, 2021). Interest on the Bonds will be payable semi-annually on August 1 and February 1, commencing February 1, 2022. The Bonds are issuable in registered form only and in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the signature of the District's President and shall be attested by the signature of the District's Secretary. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of authentication noted thereon.

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* Preliminary, subject to change.

SECURITY

The Bonds are payable solely from and secured by a pledge of revenues to be derived from the operation of the District's water and sewer system (the "System) on a parity and complete equality of lien with respect to such revenues with the District's Water and Sewer Revenue Refunding Bonds, Series 2015, dated June 30, 2015; its Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated April 1, 2016; its Water and Sewer Revenue Refunding Bonds, Series 2020, dated December 1, 2020, and its Water and Sewer Revenue Bonds, Series 2021A, dated August 2, 2021, and its Water and Sewer Revenue Refunding Bonds, Series 2021B, dated August 27, 2021 (collectively, the "Outstanding Parity Bonds"), and any bonds issued hereafter on parity with the Outstanding Parity Bonds and/or the Bonds, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System and subject to the prior pledges of such revenues in favor of its outstanding Waterworks and Sewer Revenue Bond, Series 1995 dated August 19, 1996 (the "Prior Lien Bond"). As provided in the Resolution, the punctual payment of principal of and interest on the Bonds, the Outstanding Parity Bonds 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. The revenues of the District are required by law and by the proceedings pursuant to which the Bonds are issued to be fully sufficient to pay the cost of operating, maintaining, repairing and insuring the System, including reserves therefor, to pay principal of and interest on the Prior Lien Bond, and to pay principal of and interest on the Outstanding Parity Bonds and the Bonds promptly as they become due and payable. The District has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on the Outstanding Parity Bonds and the Bonds as they become due. The Bonds and the interest hereon are payable solely from the revenues so pledged to the payment hereof, and the Bonds do not constitute a debt of the District within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which the Bonds are payable, a statement of the conditions on which obligations may hereafter be issued on a parity with the Bonds, the general covenants and provisions pursuant to which Bonds are issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

A statutory mortgage lien, which is hereby recognized as valid and binding, is created and granted by the Act on the System, subject to the Prior Lien Bond, in favor of the owner or owners of this Bond and the issue of which it is a part, the Outstanding Parity Bonds and any bonds hereafter issued on a parity therewith, and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on said Bonds.

Said revenues are required by law and by the proceedings pursuant to which the Bonds are 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 the Prior Lien Bond, the Outstanding Revenue Bonds and the Bonds promptly as each becomes due and payable. The District has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on the Prior Lien Bond, the Bonds the Outstanding Parity Bonds and any Parity Bonds hereafter issued as each becomes due. The Bonds and the interest on the Bonds are payable solely from the revenues so pledged to the payment of the Bonds, and the Bonds do not constitute a debt of the District within the meaning of any statutory limitation. For a more complete statement of the revenues from which and conditions under which the Bonds are payable, a statement of the conditions on which obligations may hereafter be issued on a parity with the Bonds, the general covenants and provisions pursuant to which the Bonds are issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Pursuant to the Resolution: "System" shall mean the complete water procurement, treatment, storage and distribution system of the District, and the complete sewage collection transmission and disposal system of the District (which systems may be operated separately or as a consolidated system for accounting, financial record keeping, billing and legal purposes), together with and including all properties of every nature hereafter owned by the District, including all improvements and extensions made by the District while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; 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.

The Bonds will not be obligations of the State of Tennessee or Sumner County, Tennessee.

PARITY OF PLEDGE AND ADDITIONAL BONDS

There are no other outstanding obligations of the Issuer that are payable from the Net Revenues of the System other than the Outstanding Parity Bonds, and the Prior Lien Bond. Additional bonds and other obligations payable from the Net Revenues of the System may be issued by the Issuer in the future on a parity of pledge with the Bonds pursuant to the Resolution. For a description of the requirements for issuing bonds or other obligations on a parity of lien with the Bonds see APPENDIX D – "Summary of Certain Provisions of the Resolution".

DEBT SERVICE RESERVE FUND

The Resolution requires the District to maintain a Debt Service Reserve Fund for the Bonds and the Outstanding Parity Bonds equal to least of (a) the Maximum Annual Principal and Interest Requirement on the Bonds and the Outstanding Parity Bonds during the term thereof; (b) 125% of the average annual principal and interest requirement on the Bonds and the Outstanding Parity Bonds during the term thereof, or (c) 10% of the stated principal amount of the Bonds and the Outstanding Parity Bonds (See APPENDIX D – "Summary of Certain Provisions of the Resolution"). However, the Governing Body on October 19, 2020 amended the Resolution by re-defining the *"Reserve Fund Requirement" as an amount determined from time to time by the District as a reasonable reserve, if any, for the payment of the principal of and interest on a series of Bonds, pursuant to the resolution authorizing such Bonds.* This amendment will be effective upon the payment or defeasance of all Outstanding Parity Bonds, and the District has determined that the Reserve Fund Requirement for the Bonds, following the discharge of the Outstanding Parity Bonds, will be $0. For a description of the amendments and other information see APPENDIX D – "Summary of Certain Provisions of the Resolution".

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OPTIONAL REDEMPTION

Bonds maturing August 1, 2030, and thereafter, shall be subject to optional redemption prior to maturity at the option of the Issuer on August 1, 2029 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the District in its discretion. If less 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:

(i) if the Bonds are being held under a Book-Entry-Only System 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

(ii) if the Bonds are not being held under a Book-Entry-Only 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.

MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the Issuer shall redeem Bonds maturing August 1, 20__, and August 1, 20__ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds within a maturity to be so redeemed shall be selected in the same manner as is described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the Issuer may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation 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 section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. 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 Issuer 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 shall be accordingly reduced. The Issuer shall on or before the forty-fifth (45) 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.

NOTICE OF REDEMPTION

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Issuer not less than twenty (20) 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. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). 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 Issuer 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 Issuer pursuant to written instructions from an authorized representative of the Issuer (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) 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. In the case of a Conditional Redemption, the failure of the Issuer to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent (named herein) will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner 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 check or draft mailed to such owner at its address 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 Issuer in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

Any interest on any Bond which 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 Issuer 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 Issuer 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 Issuer 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. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, not less than ten (10) 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 the Resolution 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 Issuer to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner 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 check or draft mailed to such owner at its address 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 Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the "Book-Entry-Only System"). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds or their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registration Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Bonds. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the Issuer determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the Issuer will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to beneficial owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the Issuer believes to be reliable, but the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be applied as follows:

(a) an amount, of the Bond proceeds which together with other legally available funds of the District and earnings on such proceeds and funds, will be sufficient to pay principal, accrued interest and redemption premium, as appropriate, on the Outstanding Bonds will be deposited with the holder of the Outstanding Bonds, in order to pay debt service on the Outstanding Bonds to and including the date of redemption on the closing date at which time the Outstanding Bonds will be redeemed; and

(b) the remainder of the proceeds of the sale of the Bonds shall be used to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

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LEGAL MATTERS

LITIGATION

There are no claims against the District, including claims in litigation, which, in the opinion of the District, would have a material adverse effect on the District's financial position. There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the District to sell or issue the Bonds.

TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the District and assuming compliance by the District with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax.

The Code imposes requirements on the Bonds that the District must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the District does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The District has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

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Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) 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.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the District will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the President acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the District since the date of the *Official Statement,* in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the President acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the District's President and Secretary acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the District concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

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APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled "LEGAL MATTERS - Tax Matters." The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled "MISCELLANEOUS – "Competitive Public Sale", "Additional Information" and "Continuing Disclosure."

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MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has given the Bonds the rating of "AA".

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of Outstanding Bonds obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on August 16, 2021. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated August 2, 2021.

The successful bidder for the Bonds was an account led by __________________, _______, _______ (the "Underwriters") who contracted with the Issuer, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $__________ (consisting of the par amount of the Bonds, less an underwriter's discount of $_________ and less an original issue discount of $__________) or ____% of par.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc. has served as Municipal Advisor (the "Municipal Advisor") to the Issuer for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the Issuer to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the Issuer, including without limitation any of the Issuer's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the Issuer, any of its affiliated or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the Issuer to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

Regions Bank. Regions Bank (the "Bank") is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the Issuer in other normal commercial banking capacities, it will be compensated separately for such services.

Official Statements. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the Issuer and will be compensated and/or reimbursed for such distribution and other such services.

Bond Counsel. From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the Issuer and may do so again in the future.

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the Issuer's Dissemination Agent. If the Issuer chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

DEBT RECORD

There is no record of default on principal or interest payments of the Issuer. Additionally, no agreements or legal proceedings of the Issuer relating to securities have been declared invalid or unenforceable.

ADDITIONAL DEBT

The District has not authorized any additional debt. However, the District has ongoing projects that may or may not require additional debt in the future. Additionally, the District may authorize additional debt in the future for savings.

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CONTINUING DISCLOSURE

The Issuer will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Issuer by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2021 (the "Annual Reports"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the Issuer. The issuer will provide notice in a timely manner to the MSRB of a failure by the Issuer to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Reports (and audited financial statements if filed separately) and notices described above will be filed by the Issuer with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Reports or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year History of Filing. For the past five years, the District has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the District for the fiscal year, prepared in accordance with generally accepted accounting standards, provided, however, if the District's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Number of Water System Customers by Class;

2. Number of Sewer System Customers by Class;

3. Top Ten System Customers;

4. Summary of bonded indebtedness as of the end of such fiscal year;

5. Information about the Bonded Debt Service Requirements as of the end of such fiscal year;

6. Summary of Revenues, Expenditures and Changes in Fund Balances for the fiscal year; and

7. The Historical Debt Service Coverages.

Any or all of the items listed above may be incorporated by reference from other documents, including *Official Statements* in final form for debt issues of the Issuer or related public entities, which have been submitted to each of the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is an *Official Statement*, in final form, it will be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The District will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the District shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the District shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

    a. Principal and interest payment delinquencies;

    b. Non-payment related defaults, if material;

    c. Unscheduled draws on debt service reserves reflecting financial difficulties;

    d. Unscheduled draws on credit enhancements reflecting financial difficulties;

    e. Substitution of credit or liquidity providers, or their failure to perform;

    f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

    g. Modifications to rights of Bondholders, if material;

    h. Bond calls, if material, and tender offers;

    i. Defeasances;

    j. Release, substitution, or sale of property securing repayment of the securities, if material;

    k. Rating changes;

    l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

    m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the District, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the District, any of which reflect financial difficulties.

Termination of Reporting Obligation. The District's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the Issuer to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the Issuer to comply with the Disclosure Certificate shall be an action to compel performance.

BONDHOLDER RISK - COVID-19

The worldwide spread of COVID-19, a respiratory illness caused by a novel strain of coronavirus, is a pandemic that has affected the entire world, including the District's service area, and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The Governor of the State issued a state of emergency for the State in mid-March 2020 in response to the COVID-19 pandemic. The spread of COVID-19 has led to quarantine and other "social distancing" measures throughout the United States, including the State of Tennessee. These measures have included, from to time, (i) the closure of nonessential businesses, (ii) recommendations and warnings to limit nonessential travel and promote telecommuting, (iii) the postponement or cancellation of or reduction of capacity at large-scale gatherings such as conventions, concerts and sporting events, (iv) limits on operations and customer capacity at commercial and retail establishments, and (v) the closure of school buildings. The Governor of the State lifted the state of emergency on April 27, 2021. However, the State and/or other local jurisdictions may issue future restrictions in response to the pandemic.

Multiple vaccines for the virus that causes COVID-19 were developed in late 2020. To date, three vaccines have been approved for distribution in the United States with each of these vaccines having an efficacy rate exceeding 65%. Multiple variants of the virus that causes COVID-19 have been documented in the United States and globally, but studies so far suggest that antibodies generated through vaccination with approved vaccines recognize these variants to varying extents. COVID-19 vaccines are currently available to all residents within the State, including the City, who are over the age of 12.

The District is unable to predict: (i) the extent or duration of the COVID-19 outbreak, any recurrence thereof or any other epidemic or pandemic; (ii) the extent or duration of existing or additional quarantines, business and school closures or restrictions, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the District; or (iv) the efficacy of vaccines. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the District cannot accurately predict the magnitude of the impact of COVID-19 on its future operations or financial condition. The District was deemed an essential service as a utility provider and allowed to continue to be open to serve customers. The District took measures to ensure the safety of employees and customers, while continuing to provide gas services.

Given the evolving nature of the spread of the disease and the behavior of governments, businesses, and individuals in response thereto, the District is unable to predict (i) the extent or duration of the COVID-19 outbreak or other epidemic or pandemic, (ii) the extent or duration of existing and additional quarantines, business-closures, travel restrictions and other measures relating to COVID-19 or other epidemic or pandemic, (iii) whether and to what extent the COVID-19 outbreak or other epidemic or pandemic may adversely affect the operations of the District, or (iv) the impact of COVID-19 on the financial condition of the System. The District is proactively taking steps to preserve effective staffing for all essential District operations.

The District's customer base is approximately 8.1% commercial versus 91.9% residential, therefore, there has been minimal impact on demand. Revenues from services have increased 1.4% in the first six months of 2020 compared to the same time period in 2019. The District waived late fees for approximately 13 weeks without significant impact on total revenues. The District anticipates continued flexibility with customer payment arrangements and has not seen a significant rise in accounts receivable or write offs.

The District has also approved policies that provide flexible payment arrangements for customers who cannot pay their entire gas bills due to the impact of COVID-19, and the District expects some deferral of revenue during this period.

The District has sufficient liquidity to meet all operating and debt service requirements.

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in the *Preliminary Official Statement* and *Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in the *Preliminary Official Statement* and *Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither the *Preliminary Official Statement* and *Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the Issuer and the purchasers of any of the Bonds. Any statements or information printed in this *Preliminary Official Statement* or the *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

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CERTIFICATION OF ISSUER

On behalf of the Issuer and District, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

HENDERSONVILLE UTILITY DISTRICT OF
SUMNER COUNTY, TENNESSEE

/s/______________________________
President
Board of Commissioners

ATTEST:

/s/_________________________
Secretary
Board of Commissioners

APPENDIX A

LEGAL OPINION

[Closing Date]

Hendersonville Utility District of
Sumner County, Tennessee
Hendersonville, Tennessee

[Underwriter]

Re: Hendersonville Utility District of Sumner County, Tennessee
$3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Hendersonville Utility District of Sumner County, Tennessee (the "Issuer") of $3,050,000* Water and Sewer Revenue Refunding Bonds, Series 2021C, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Board of Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The principal of and interest on the Bonds are payable solely from and secured by a pledge of revenues to be derived from the operation of the Issuer's water and sewer system (the "System"), on parity and equality of lien with the Issuer's Water and Sewer Revenue Refunding Bonds, Series 2015, Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, Water and Sewer Revenue Refunding Bonds, Series 2020, Water and Sewer Revenue Refunding Bonds, Series 2021A and Water and Sewer Revenue Refunding Bonds, Series 2021B, and subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System and to the prior pledge of said revenues in favor of the District's outstanding Waterworks and Sewer Revenue Bond, Series 1995. We express no opinion as to the sufficiency of such revenues for the payment of principal of and interest on the Bonds.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as

amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are 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 (b) 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 to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

All of the following information, estimates and expressions of opinion are subject to change without notice. Though collected from sources the District believes to be reliable, the District has made no independent verification of the information provided by non-District sources, and the District takes no responsibility for the completeness or accuracy thereof. Except as otherwise provided, the information herein is often in relation to dates and periods prior to the COVID-19 pandemic and the resulting measures instituted to mitigate it. As provided in the section of the Official Statement entitled "BONDHOLDER RISK – COVID 19," the economic and social impact of COVID-19 to the District is far-reaching, unprecedented and constantly evolving. Historical numbers, including but not limited to those regarding employment, presented herein cannot be relied upon as reflective of current conditions or predictive of future results, which may be materially different from the information presented herein. The delivery by the District of the information contained herein shall not, under any circumstances, create any implication that there has been no material change in the affairs of the District since the date of the Official Statement.

HENDERSONVILLE UTILITY DISTRICT

LOCATION

The Hendersonville Utility District of Sumner County, Tennessee (the "District") current coverage area lies entirely within the city limits of the City of Hendersonville (the "City"). However, the District is in no way connected with, governed or controlled by the City. The City is located in southwestern corner of Sumner County, Tennessee (the "County") and is part of the Nashville standard metropolitan area. The boundaries of the District encompass an area of 12,000 acres lying in the southeast portion of the County, generally bounded on the west by Mansker Creek, on the south and southwest by Old Hickory Lake on the Davidson County line, on the southeast by the Wilson County line, and on the north and east by the White House Utility District.

The District obtains its water from Old Hickory Lake. The District provides water and sewer services within its boundaries and is the only entity providing such service or authorized to provide such service within its boundaries. The White House Utility District has authorized the District to provide sewer service outside of its boundaries to several residential subdivisions. The District provides no other service outside of its boundaries.

HISTORY

The District was created pursuant to an Order of the County Court of Sumner County, Tennessee entered on April 15, 1948 (the "Order of Incorporation"), and pursuant to the provisions of the District Act, which provides that any utility district incorporated thereunder shall be a municipality or public corporation in perpetuity and be a body politic and corporate with power of perpetual succession, but without any power to levy or collect taxes.

ORGANIZATION

The District Act provides that, as long as the District continues to furnish any of the services which it is authorized to furnish, it shall continue to be the sole public corporation having the power to furnish such services within the boundaries of the District, and no other person, firm or corporation shall furnish or attempt to furnish any of such services in the District, unless and until it shall have been established that the public convenience and necessity require other or additional services.

POWERS

The District Act provides that the District is empowered, among other things, to conduct, operate and maintain a system or systems for the furnishing of water and sewer and related services. To carry out such purposes, the District has the power and authority to acquire, construct, reconstruct, improve, better, extend, consolidate, maintain and operate such system or systems within or without the District, and to purchase from, furnish, deliver and sell to any municipality, the State, any public institution and the public, generally, any of its services. The District has the power of eminent domain and has the power to issue its negotiable bonds for the purpose of constructing, acquiring, reconstructing, improving, bettering or extending any of its facilities or system or systems and to pledge to the payment of such negotiable bonds all or any part of the revenues derived from the operation of such facilities, system or systems or combination thereof. The District has no power to levy or collect property taxes.

GOVERNING BODY

All corporate powers of the District are vested in and exercised by the Board of Commissioners. The Board consists of three members, each of which must either reside within the boundaries of the District or be a customer of the District, serving staggered four-year terms. The Commissioners are appointed by the County Mayor of the County. Each member of the Board of Commissioners, upon expiration of his or her term, shall continue to hold office until the successor shall have been appointed. A Board member may succeed himself or herself in office.

Pursuant to the District Act, the Board acts by a majority of its members and must meet at least once each quarter. The Board is authorized by the District Act, among other things, to exercise by vote, ordinance or resolution all of the general and specific powers of the District, to make all necessary rules, regulations and bylaws for the management and conduct the affairs of the District, and to issue bonds of the District by resolution of the Board. The individual commissioners receive compensation for their services on a per diem basis in the maximum amount allowable by the District Act for each day's attendance of the meetings of the Board in the performance of their official duties. Pursuant to the District Act, no member of the Board shall draw compensation in excess of $3,600 for such service during anyone calendar year. In addition, Board members are eligible for group medical insurance coverage as may be provided other employees, or payment of premiums for any equivalent or similar group coverage under the terms of Section 7-82-308, Tennessee Code Annotated.

THE BOARD OF COMMISSIONERS

The following is a list of the current members of the Board of Commissioners:

Name and Occupation	Current Term Expires
Mr. W.C. Boyers, President Retired	May 1, 2024
Mr. J.W. McMurray, Sr., Secretary Retired	May 1, 2022

Mr. Ronald E. Flowers, Treasurer Retired	May 1, 2024

MANAGEMENT

The day-to-day operations of the District are managed by the General Manager, who reports to the Board of Commissioners. Joe Rewa has served as the General Manager since 2017. Mr. Rewa has been with the District since 2006 and had been serving as the Sr. Staff Accountant.

EMPLOYEES

The District has 47 full-time employees. The breakdown of employment by job description is as follows:

	Number
General Manager	1
Staff Accountant	1
Supervisor	12
Customer Services	8
Foreman in Plant	1
Operators	17
Laborers	8
TOTAL	48

The turnover in the District's work force has averaged approximately two employees per year over the last five years. The tenure of District employees presently averages approximately twelve years.

At the present time, no employees of the District are represented by unions. Officials of the District are unaware of any attempts by any union to organize employees of the District, and the District characterizes its relationship with its employees as satisfactory.

REGULATION

State and Local Regulation. The District is required by law to establish and maintain a set of rules and regulations regarding an adjustment of all complaints which may be made to the District concerning the availability of utility services to persons in need thereof, the quality of service performed, the adjustment of bills and all other complaints of any nature, with provisions relating to the manner of resolution of individual complaints, the types of complaints which may be resolved by salaried employees of the District, and those which may be resolved only by the Board. Such rules must be posted or otherwise available in the offices of the District for inspection by customers and members of the public. The District Act provides that the District may not contractually bind itself to issue bonds that would require a rate increase until the users of the system are given notice thereof. The District has complied with this requirement with respect to all current water and sewer user rates by publishing notice of same on all customers' bills. Pursuant to the District Act, rates charged and services provided by the District may be reviewed by the Utility Management Review Board.

Upon the filing with the Review Board of a petition signed by a least ten percent of the users within the authorized area of the District, the Review Board has authority to review the rates and services of the District (see the discussion under "THE DISTRICT" - Regulation - Review Board). In addition, the District is required to have its books and records audited annually by a certified public accountant, a public accountant, or by the Division of Local Government Audit of the Comptroller of the Treasury of the State. The Comptroller of the Treasury of the State, through the Division of Local Government Audit, makes a determination as to whether the annual audit of the District has been prepared in accordance with generally accepted governmental auditing standards and whether the audits meet the minimum standards prescribed by the Comptroller. The Comptroller has promulgated rules and regulations to assure that the books and records of utility district are kept in accordance with generally accepted accounting procedures and that audit standards prescribed by the Comptroller are met. The District must file a copy of the audit with the State Comptroller and with the County Mayor of Sumner County.

Rate Regulation. The District is required by the District Act to charge such rates as shall be sufficient to pay operation and maintenance expenses and to pay principal of and interest on all bond or notes secured by revenues of the System. The Board determines the rates paid by the District's customers. The District is required to publish within ninety days after the close of its fiscal year a statement showing the financial condition of the District and the earnings of the District. Any water and/or sewer user customer of the District may file with the Board a protest concerning the rates within thirty (30) days of the publication of the statement. The Board must then give notice of a hearing to determine the validity of the protest and whether the published rates are reasonable. After the Board makes its determination, the customer may seek review of the Board's action and the Review Board, as discussed below, with the right of judicial review by common law writ of certiorari to a court within the county of the District’s principal office.

Review Board. In 1987, the State legislature established a utility management review board (the "Review Board") for the purpose of advising utility district boards of commissioners throughout the State in the area of utility management. The Review Board consists of nine (9) members consisting of the State Commissioner of Environment, the State Comptroller of the Treasury, and seven (7) members appointed by the Governor, three (3) of whom shall be experienced utility district managers, three (3) of whom shall be experienced utility district commissioners. The Review Board is given the power, among other things, to review any decision of any utility district relating to rate changes upon petition of any customer of the district, to compel the adoption of and adherence to rules and regulations for the adjustment of customer complaints, hear customer protests of rates or appeal from a hearing before the Board of Commissioners of the District, to oversee operations of "financially distressed utility districts", including the power to compel rate increases sufficient to be in compliance with State law and all covenants with bondholders and compel consolidation with another utility. A "financially distressed utility district" is a district (i) which has failed to charge rates sufficient to pay the costs of operation and maintenance of the system, including depreciation and reserves therefore, as well as to pay all bonds and interest thereon secured by the revenues of the system, including reserves therefore, for a period of two (2) consecutive years, or (ii) which is in default on any outstanding indebtedness, or (iii) which has a retained earnings deficit. The Review Board may not take any action which would adversely impair the obligations of contract or the payment of outstanding bonds of the District. Any party to a proceeding before the Review Board may appeal to a local court seeking review of any action taken.

Licenses, Permits and Approval. In the opinions of the General Manager and Counsel to the District, the District has received all licenses, permits and approvals necessary for the operation of the System.

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THE SYSTEMS

INTRODUCTION

The System consists primarily of office facilities; water procurement, treatment, storage, distribution facilities; and sewage collection and transmission facilities.

The District provides services consisting of (i) the treatment and distribution of water to its customers through its Waterworks System; and (ii) the collection, processing and disposal of sewage through its Wastewater System. The District provides no other services to its customers.

The District obtains its water through a raw water intake system in Old Hickory Lake. The District owns and operates a water treatment plant which is located within the boundaries of the District.

SERVICE AREA

The District lies in the southwestern portion of Sumner County and covers an area of approximately 12,000 acres.

WATERWORKS SYSTEM

Physical Plant. The Water System consists of a 10 MGD membrane filtration plant and intake on Old Hickory Lake and 6 high level reservoirs holding 8.1 million gallons of water. The intake at the Water Plant is powered by 3 alternating raw water pumps, which have capacities of 3,472 gallons each per minute. All of the pumps are electrically driven. The plant produces an average of 4.63 million gallons per day (M.G.D.) and can treat 10 MGD. At present, the total treatment capacity of the system is 10 million gallons per day with the ability to expand to 12 M.G.D. It must be noted that the peak day demand is considerably higher than the average daily demand.

The District's distribution system consists of approximately 256 miles of supply lines sized 2 inch to 24 inch.

Billing Units of the Water System. The following table sets forth the average number of billing units served by the Water System during each of the five fiscal years indicated and categorized by type of unit for the same periods.

NUMBER OF WATER SYSTEM CUSTOMERS BY CLASS
(Fiscal Year Ended June 30)

Customer Class	2016	2017	2018	2019	2020
Residential	14,937	15,068	15,115	15,136	15,206
Commercial	1,321	1,336	1,140	1,367	1,403
Industrial	3	3	3	3	3
TOTAL	**16,261**	**16,407**	**16,258**	**16,506**	**16,612**

Source: Audited Financial Statements and the District.

Water Consumption. For each of the fiscal years indicated, the following table sets forth the number of gallons of water pumped by the District, the total number of gallons of water consumed by the District's customers, and the number of gallons consumed by each billing unit type.

WATER CONSUMPTION
(in gallons)
(Fiscal Year Ended June 30)

Year	Total Water Billed Residential & Commercial	Water to Operate Plant, Blowoffs & Fire Department	Total Water Pumped	Water Lost
2016	1,249,334,362	93,838,702	1,553,748,500	210,575,436
2017	1,244,942,876	85,955,505	1,685,510,600	354,612,219
2018	1,262,210,238	105,919,020	1,711,753,000	343,625,760
2019	1,280,881,960	104,561,745	1,666,895,500	281,451,795
2020	1,229,777,970	89,079,645	1,603,363,000	284,505,385

Source: Audited Financial Statements and the District.

Water Revenues. For each of the fiscal years indicated, the following table sets forth the total amount of revenues collected by each billing unit type.

TOTAL WATER REVENUES BY CUSTOMERS CLASS
(Fiscal Year Ended June 30)

Customer Class	2016	2017	2018	2019	2020
Residential	$3,524,268	$3,863,696	$3,891,869	$3,844,611	$3,938,572
Commercial	2,296,216	2,419,022	2,373,687	2,510,111	2,280,354
Industrial	18,965	20,506	20,612	21,847	21,095
TOTAL	**$5,839,449**	**$6,303,226**	**$6,286,168**	**$6,376,569**	**$6,240,021**

Source: Audited Financial Statements and the District.

Water System Demand. For each of the fiscal years indicated, the following table sets forth the total amount of revenues collected by each billing unit type.

WATER SYSTEM DEMAND
(Fiscal Year Ended June 30)

	2016	2017	2018	2019	2020
Peak Demand (gallons)	6.2 mgd	6.8 mgd	6.7 mgd	6.6	6.5
Average Demand (gallons)	4.2 mgd	4.6 mgd	4.6 mgd	4.6	4.5

Source: Audited Financial Statements and the District.

WASTEWATER SYSTEM

Physical Plant. The District currently has approximately 287 miles of sewer mains which act as the collection system for the District. The District's wastewater is then pumped to the Dry Creek Wastewater Treatment Plant through a 36-inch force main running directly from the District to the plant. There are 110 pump stations in the System. The District also provides sewer services to three areas located outside of the District, including the Twin Valley Subdivision, the Riverchase area, and the Saundersville Road North area.

All of the District's sewage is treated at the Metro Dry Creek Wastewater Treatment Plant owned and operated by The Metropolitan Government of Nashville and Davidson County ("Metro"), pursuant to an agreement dated October 3, 2011, between Metro and the District with a term of twenty (20) years (the "Agreement"). Under the Agreement, the District is obligated to collect and convey any sanitary wastewater to be treated to the point of connection with the Metro system. The District provides metering of the wastewater piped to the Metro facilities. The District is also required to maintain adequate provisions to prevent excessive peak flow rates and extended periods of no-flow from the System. Metro agrees to provide wastewater transmission and treatment services sufficient to treat all the wastewater of the District.

The Agreement provides for an annual adjustment in the rate paid for sewer treatment services. Except in the sixth, eleventh and sixteenth year of the Agreement, the rate for service shall increase or decrease by a percentage equal to the smaller of: (1) the percentage increase or decrease from the previous calendar year in the Service Charge Index compiled and published by the National Association of Clean Water Agencies; or (2) the percentage increase or decrease from the previous calendar year in the Consumer Price Index – All Urban Consumers, published by the United States Department of Labor, Bureau of Labor Statistics. In the sixth, eleventh and sixteenth year of the Agreement, the rate for service will be established by using the same method as the initial rate in the Agreement taking into account certain costs of Metro to provide sewer treatment service to the District at these times.

The rate paid by the District at the inception of the Agreement was $1.3 per one hundred cubit feet. The current rate is $1.21 per one hundred cubit feet. The Dry Creek Wastewater Treatment Plant has a capacity of 54 MGD, of which the District is assured a reserve capacity of 16.7 MGD. If the District exceeds such capacity, the District may be subject to certain capital expenditure costs or a rate increase from Metro.

Billing Units of the Sewer System. The following table sets forth the average number of billing units served by the Sewer System during each of the five fiscal years indicated and categorized by type of unit for the same periods.

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NUMBER OF SEWER SYSTEM CUSTOMERS BY CLASS
(Fiscal Year Ended June 30)

Customer Class	2016	2017	2018	2019	2020
Residential	15,015	15,143	15,655	15,559	15,757
Commercial	1,207	1,336	1,140	1,367	1,370
Industrial	3	3	3	3	3
TOTAL	**16,225**	**16,482**	**16,798**	**16,929**	**17,130**

Source: Audited Financial Statements and the District.

Sewer Revenues. For each of the fiscal years indicated, the following table sets forth the total amount of revenues collected by each billing unit type.

TOTAL SEWER REVENUES BY CUSTOMERS CLASS
(Fiscal Year Ended June 30)

Customer Class	2016	2017	2018	2019	2020
Residential	$ 7,694,138	$5,891,267	$ 7,296,965	$ 6,670,227	$5,773,425
Commercial	3,318,645	3,373,086	4,063,044	3,798,824	3,360,367
Industrial	8,288	9,360	8,645	10,247	13,253
TOTAL	**$11,021,071**	**$9,167,940**	**$11,368,654**	**$10,479,298**	**$9,147,045**

Source: Audited Financial Statements and the District.

RATES

The District's current rate schedule (in effect as of September 1, 2020) is as follows:

Water Rates

0 to 2,000 gallons	$11.14 (minimum bill)
All over 2,000 gallons	$4.36 per 1,000 gallons

Notes:

1) Tennessee State Sales Tax required on water sales.
2) Minimum bill will be $15.00 per month for 1" and larger irrigation and sprinkler meters with no usage.
3) Meters over 2" dedicated solely for fire protection shall be assessed a minimum bill of $150.00 per month.
4) All meters over 2" will be charged a monthly testing and calibration fee of $20.00.

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Sewer Rates

0 to 2,000 gallons (water used)	$13.66 (minimum bill)
All over 2,000 gallons	$5.88 per 1,000 gallons

White House Utility District water customers that are served by the Hendersonville Utility District for sewer service rates will be as follows:

Water Billed	*Sewer Rate*
0 to 2,000 gallons	$16.39 (minimum bill)
All over 2,000 gallons	$7.25 per 1,000 gallons

There will be a Metro Water Services treatment charge (user fee) of $3.20 per 1,000 gallons of sewer used. The treatment charge may be adjusted on an annual basis.

Note: Dedicated fire and irrigation meters are not subject to sewer charges.

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OPERATING AND FINANCIAL HISTORY OF THE SYSTEMS

MANAGEMENT DISCUSSION OF OPERATING RESULTS

The District has experienced sustained customer and revenue growth in the last few years. During the fiscal year ending June 30, 2020, the District decreased revenues by 5% ($1,042,985).

BILLINGS AND COLLECTIONS

The District handles its own billings with the use of its own computer system. During the three fiscal years ended June 30, 2020, June 30, 2019 and June 30, 2018, uncollected accounts charged against the allowance for doubtful accounts amounted to $30,000, $30,000 and $30,000 respectively.

SYSTEMS OPERATING REVENUES

The following table sets forth for each of the fiscal years indicated gross operating revenues for the Waterworks and Wastewater Systems.

OPERATING REVENUES BY SYSTEMS
(Fiscal Year Ended June 30)

System	2016	2017	2018	2019	2020
Waterworks	$ 5,839,447	$ 6,335,845	$ 6,286,168	$ 6,376,569	$ 6,240,021
Wastewater	11,021,071	11,290,824	11,368,654	10,479,298	9,147,045
TOTAL REVENUES	**$16,860,518**	**$17,626,669**	**$17,654,822**	**$16,855,867**	**$15,387,066**

Source: Audited Financial Statements and the District.

HISTORICAL GROWTH OF SYSTEMS

The following table sets forth for each of the fiscal years indicated the number of customers for the Waterworks and Wastewater Systems.

HISTORICAL SYSTEM GROWTH
(Fiscal Year Ended June 30)

Year	Number of Water Customers	Number of Sewer Customers	Total*
2016	16,261	16,225	32,486
2017	16,407	16,482	32,889
2018	16,961	16,798	33,759
2019	16,506	16,929	33,435
2020	16,612	17,130	33,742

Source: Audited Financial Statements and the District.
*Most customers have both Water and Sewer service. Totals may be counting one customer as two.

MAJOR CUSTOMERS OF SYSTEMS

The following is a list of the major water and sewer customers of the District for the fiscal year ended June 30, 2020.

TOP TEN SYSTEM CUSTOMERS

(Fiscal Year Ended June 30, 2020)

	Customer	Type of Business	Sales (1)	% of Total Sales
1.	Board of Education	Schools	$ 251,992	1.43%
2.	Hendersonville Hospital	Medical	215,712	1.22%
3.	Aventura at Indian Lake	Apartments	169,338	0.96%
4.	The Grove at Waterford	Apartments	160,133	0.91%
5.	Nottingham Apartment	Apartments	148,805	0.84%
6.	Breit Steadfast	Apartments	143,844	0.81%
7.	Hamilton ALLP	Apartments	142,815	0.81%
8.	The Point at Waterford	Apartments	142,573	0.81%
9.	Hendersonville LHA	Apartments	138,454	0.78%
10.	Glenbrook Apartments	Apartments	129,235	0.73%
	TOTAL		**$1,642,901**	**9.30%**

(1) Sales include only water & sewer revenues.

Source: Audited Financial Statements and the District.

COMPETITION AND FRANCHISE RIGHTS

The District Act provides that as long as the District continues to furnish any of the services which it is authorized to furnish, it shall continue to be the sole public corporation having the power to furnish such services within the boundaries of the District, and no other person, firm or corporation shall furnish or attempt to furnish any of such services within said boundaries. The District Act provides certain limited exceptions to the exclusive service right. The District Act provides that the exclusive right to serve may be lost if it can be established that the public convenience and necessity requires other or additional services. The District's right to serve also is subject to prior rights of a municipality to serve newly annexed territories pursuant to Section 6-51-101 et. seq., Tennessee Code Annotated. The District Act further grants to municipalities the prior right to serve areas outside their boundaries if the areas are not within the boundaries of a utility district authorized to provide the service or are not already being served by a utility district. Further, any acquisition of service area must be done in such a way as to fully preserve and protect the contract rights vested in owners of bonds or other obligations of the utility district.

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METHOD OF ACCOUNTING

This District utilizes the accrual method of accounting. Provision for depreciation of the utility plant in service has been made on the straight-line method over the estimated useful lives of the assets. Depreciation is not considered on any capital item until the same is actually placed in operation. Plant contributed by developers is included at the developer's cost. Material and supply inventories are stated at the lower of cost (first in, first out method) or market. Sales revenue is recorded monthly based on meter readings subsequent to the delivery and consumption of the product by the customer. Revenues are not accrued for usage in the annual reports of the District from the last meter reading date to June 30. Amounts received from developers and customers for capital improvements are recorded as contributions in-aid-of construction. Bond discounts and issuance expenses are amortized during the period bonds are outstanding using the straight-line method of amortization. The District capitalizes bond interest expenses during the construction phase of expansion of the distribution system.

PENSION PLANS

Employees of the Hendersonville Utility District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 were vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Hendersonville Utility District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief government body.

For additional information on the funding status, trend information and actuarial status of the District's retirement programs, please refer to the General Purpose Financial Statements of the District located in herein.

SUMMARY OF OPERATIONS

The financial statements of the District for the year ended June 30, 2020 has been examined by Yeary, Howell & Associates, Nashville, Tennessee, independent accountants, whose report thereon appears herein.

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CAPITALIZATION

The following table sets forth the capitalization of the District as of June 30, 2020.

	Outstanding
Total Long Term Indebtedness	$ 55,973,448
Total Current Liabilities	3,209,546
Retained Earnings & Contributed Capital	98,526,436
Total Long Term Indebtedness and Total Customers' Equity	**$157,709,430**

UTILITY PLANTS

The cost of the District's utility plants as of June 30, 2020 is as follows:

Utility Plants in Service	$27,001,750
Accumulated Depreciation	(4,076,543)
Construction in Progress	0
TOTAL	**$ 22,925,207**

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Hendersonville Utility District of Sumner County, Tennessee

SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	Unaudited As of June 30, 2021 OUTSTANDING (1)
$ 485,000	Waterworks and Sewer Revenue Bonds, Series 1995	2035	Fixed	$ 279,600
10,000,000	(2) Water and Sewer Revenue Bonds, Series 2011	Aug. 2039	Fixed	9,900,000
21,000,000	(2) Water and Sewer Revenue Bonds, Series 2012	Aug. 2039	Fixed	14,340,000
9,525,000	(2) Water and Sewer Revenue Refunding Bonds, Series 2015	Feb. 2038	Fixed	9,110,000
7,250,000	(2) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016	Feb. 2046	Fixed	6,795,000
6,880,000	(2) Water and Sewer Revenue Refunding Bonds, Series 2020 (Issued 12-1-2020)	Feb. 2040	Fixed	6,880,000
$ 55,140,000	**TOTAL OUTSTANDING BONDED DEBT**			$ 47,304,600
$ 8,770,000	(2) Water and Sewer Revenue Refunding Bonds, Series 2021A	Aug. 2039	Fixed	$ 8,770,000
9,350,000	(2) Water and Sewer Revenue Refunding Bonds, Series 2021B	Aug. 2039	Fixed	9,350,000
3,050,000	(2) Water and Sewer Revenue Refunding Bonds, Series 2021C	Aug. 2039	Fixed	3,050,000
(31,000,000)	Less: Bonds Refunded or Prepaid (2011 Bonds and 2012 Bonds)			(23,065,000)
$ 45,310,000	**TOTAL PROPOSED BONDED DEBT**			$ 45,409,600

NOTES:

(1) The above figures do not include leases or other short-term debt, if any. For more information, see the notes to the Financial Statements in the FINANCIAL STATEMENTS included herein. The District redeem the outstanding Series 2013 Bonds on February 1, 2021.

(2) Subordinated Debt

Hendersonville Utility District of Sumner County, Tennessee
BONDED DEBT SERVICE REQUIREMENTS

F.Y. Ended 6/30	Unaudited As of June 30, 2021 Senior Existing Waterworks & Sewer Revenue Debt (1)			Percent Senior Principal Repaid	Unaudited As of June 30, 2021 Subordinated Water & Sewer Revenue Debt			Water and Sewer Revenue Refunding Bonds, Series 2021A			Percent Series 2021A Principal Repaid	Water and Sewer Revenue Refunding Bonds, Series 2021B			Percent Series 2021B Principal Repaid
	Principal	Interest	TOTAL		Principal	Interest	TOTAL	Principal	Interest (2)	TOTAL		Principal	Interest (3)	TOTAL	
2022	$ 15,075	$ 13,977	$ 29,052	5.39%	$ 1,755,000	$ 1,509,700	$ 3,264,700	$ -	$ 105,958	$ 105,958	0.00%	$ -	$ 97,790	$ 97,790	0.00%
2023	15,866	13,186	29,052		2,235,000	1,438,375	3,673,375	250,000	209,350	459,350		520,000	220,800	740,800	
2024	16,699	12,353	29,052		2,325,000	1,371,025	3,696,025	505,000	198,025	703,025		520,000	205,200	725,200	
2025	17,575	11,477	29,052		2,445,000	1,302,075	3,747,075	505,000	182,875	687,875		520,000	189,600	709,600	
2026	18,497	10,555	29,052	29.94%	2,465,000	1,230,525	3,695,525	505,000	167,725	672,725	20.13%	520,000	174,000	694,000	22.25%
2027	19,467	8,810	28,277		2,185,000	1,166,525	3,351,525	505,000	152,575	657,575		520,000	158,400	678,400	
2028	20,489	7,860	28,349		2,265,000	1,104,200	3,369,200	500,000	137,500	637,500		520,000	142,800	662,800	
2029	21,564	7,488	29,052		1,965,000	1,035,975	3,000,975	500,000	122,500	622,500		520,000	127,200	647,200	
2030	24,640	6,833	31,473		2,035,000	975,113	3,010,113	500,000	107,500	607,500		520,000	111,600	631,600	
2031	21,942	4,689	26,631	68.60%	2,060,000	914,900	2,974,900	500,000	95,000	595,000	48.69%	520,000	98,600	618,600	50.05%
2032	25,140	3,912	29,052		2,180,000	850,838	3,030,838	500,000	85,000	585,000		520,000	88,200	608,200	
2033	26,459	2,593	29,052		2,205,000	783,800	2,988,800	500,000	75,000	575,000		520,000	77,800	597,800	
2034	27,847	1,205	29,052		2,230,000	712,988	2,942,988	500,000	65,000	565,000		520,000	67,400	587,400	
2035	8,340	81	8,421	100.00%	2,275,000	640,138	2,915,138	500,000	55,000	555,000		520,000	57,000	577,000	
2036	-	-	-		3,010,000	549,563	3,559,563	500,000	45,000	545,000	77.19%	520,000	46,600	566,600	77.86%
2037	-	-	-		3,185,000	441,725	3,626,725	500,000	35,000	535,000		520,000	36,200	556,200	
2038	-	-	-		3,430,000	322,981	3,752,981	500,000	25,000	525,000		520,000	25,800	545,800	
2039	-	-	-		2,710,000	197,056	2,907,056	500,000	15,000	515,000		515,000	15,450	530,450	
2040	-	-	-		2,865,000	97,231	2,962,231	500,000	5,000	505,000	100.00%	515,000	5,150	520,150	100.00%
2041	-	-	-		185,000	39,538	224,538	-	-	-		-	-	-	
2042	-	-	-		190,000	33,525	223,525	-	-	-		-	-	-	
2043	-	-	-		195,000	27,350	222,350	-	-	-		-	-	-	
2044	-	-	-		200,000	21,013	221,013	-	-	-		-	-	-	
2045	-	-	-		210,000	14,513	224,513	-	-	-		-	-	-	
2046	-	-	-		220,000	7,425	227,425	-	-	-		-	-	-	100.00%
	$ 279,600	$ 105,019	$ 384,619		$ 47,025,000	$ 16,788,094	$ 63,813,094	$ 8,770,000	$ 1,884,008	$ 10,654,008		$ 9,350,000	$ 1,945,590	$ 11,295,590	

F.Y. Ended 6/30	Water and Sewer Revenue Refunding Bonds, Series 2021C			Percent Series 2021C Principal Repaid	Less: Bonds Being Refunded			Unaudited Total Subordinated Bonded Debt Service Requirements			Percent Subordinated Principal Repaid	Total Bonded Debt Service Requirements			Percent Total Principal Repaid
	Principal	Interest (4)	TOTAL		Principal	Interest	TOTAL	Principal	Interest	TOTAL		Principal	Interest	TOTAL	
2022	$ -	$ 21,811	$ 21,811	0.00%	$ -	$ (423,969)	$ (423,969)	$ 1,755,000	$ 1,311,291	$ 3,066,291	3.89%	$ 1,770,075	$ 1,325,268	$ 3,095,343	3.90%
2023	170,000	50,393	220,393		(1,230,000)	(823,838)	(2,053,838)	1,945,000	1,095,080	3,040,080		1,960,866	1,108,266	3,069,132	
2024	170,000	49,118	219,118		(1,060,000)	(781,038)	(1,841,038)	2,460,000	1,042,330	3,502,330		2,476,699	1,054,683	3,531,382	
2025	170,000	47,673	217,673		(1,150,000)	(741,838)	(1,891,838)	2,490,000	980,385	3,470,385		2,507,575	991,862	3,499,437	
2026	170,000	46,058	216,058		(1,160,000)	(700,638)	(1,860,638)	2,500,000	917,670	3,417,670		2,518,497	928,225	3,446,722	
2027	170,000	44,273	214,273	27.87%	(850,000)	(667,188)	(1,517,188)	2,530,000	854,585	3,384,585	30.31%	2,549,467	863,395	3,412,862	30.35%
2028	170,000	42,318	212,318		(850,000)	(641,063)	(1,491,063)	2,605,000	785,755	3,390,755		2,625,489	793,615	3,419,104	
2029	170,000	40,193	210,193		(850,000)	(614,313)	(1,464,313)	2,305,000	711,555	3,016,555		2,326,564	719,043	3,045,607	
2030	170,000	37,898	207,898		(900,000)	(586,250)	(1,486,250)	2,325,000	645,860	2,970,860		2,349,640	652,693	3,002,333	
2031	170,000	35,433	205,433		(900,000)	(555,813)	(1,455,813)	2,350,000	588,120	2,938,120		2,371,942	592,809	2,964,751	
2032	170,000	32,798	202,798	55.74%	(1,000,000)	(522,250)	(1,522,250)	2,370,000	534,585	2,904,585	56.80%	2,395,140	538,497	2,933,637	56.93%
2033	170,000	29,823	199,823		(1,000,000)	(486,313)	(1,486,313)	2,395,000	480,110	2,875,110		2,421,459	482,703	2,904,162	
2034	170,000	26,508	196,508		(1,000,000)	(449,438)	(1,449,438)	2,420,000	422,458	2,842,458		2,447,847	423,663	2,871,510	
2035	170,000	22,938	192,938		(1,000,000)	(411,313)	(1,411,313)	2,465,000	363,763	2,828,763		2,473,340	363,844	2,837,184	
2036	170,000	19,113	189,113		(1,700,000)	(359,188)	(2,059,188)	2,500,000	301,088	2,801,088		2,500,000	301,088	2,801,088	
2037	170,000	15,118	185,118	83.61%	(1,840,000)	(291,000)	(2,131,000)	2,535,000	237,043	2,772,043	84.09%	2,535,000	237,043	2,772,043	84.19%
2038	170,000	10,953	180,953		(2,075,000)	(215,156)	(2,290,156)	2,545,000	169,578	2,714,578		2,545,000	169,578	2,714,578	
2039	165,000	6,683	171,683		(2,175,000)	(132,469)	(2,307,469)	1,715,000	101,720	1,816,720		1,715,000	101,720	1,816,720	
2040	165,000	2,269	167,269	100.00%	(2,325,000)	(45,094)	(2,370,094)	1,720,000	64,556	1,784,556		1,720,000	64,556	1,784,556	
2041	-	-	-		-	-	-	185,000	39,538	224,538	97.75%	185,000	39,538	224,538	97.76%
2042	-	-	-		-	-	-	190,000	33,525	223,525		190,000	33,525	223,525	
2043	-	-	-		-	-	-	195,000	27,350	222,350		195,000	27,350	222,350	
2044	-	-	-		-	-	-	200,000	21,013	221,013		200,000	21,013	221,013	
2045	-	-	-		-	-	-	210,000	14,513	224,513		210,000	14,513	224,513	
2046	-	-	-	100.00%	-	-	-	220,000	7,425	227,425	100.00%	220,000	7,425	227,425	100.00%
	$ 3,050,000	$ 581,363	$ 3,631,363		$ (23,065,000)	$ (9,448,163)	$ (32,513,163)	$ 45,130,000	$ 11,750,892	$ 56,880,892		$ 45,409,600	$ 11,855,911	$ 57,265,511	

NOTES:

(1) The above figures do not include leases or other short-term debt, if any. For more information, see the notes to the Financial Statements in the FINANCIAL STATEMENTS included herein.

(2) Average Coupon of 2.2088%.

(3) Average Coupon of 2.21%.

(4) Estimated Interst Rates. Estimated Average Coupon of 2.03%.

Hendersonville Utility District of Sumner County, Tennessee

Five Year Summary of Revenues, Expenses and
Changes in Net Assets

	For the Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
Operating Revenues:					
Water Service Charges	$ 5,839,447	$ 6,335,845	$ 6,286,168	$ 6,376,569	$ 6,240,021
Sewer Service Charges	11,021,071	11,290,824	11,368,654	10,479,298	9,147,045
Tap Fees and Connection Fees	1,197,928	899,973	785,255	2,854,353	3,393,047
Other income	1,927,124	1,883,369	1,549,495	812,307	699,429
Total Operating Revenues	$ 19,985,570	$ 20,410,011	$ 19,989,572	$ 20,522,527	$ 19,479,542
Operating Expenses:					
Water Distribution	$ 956,333	$ 1,019,018	$ 1,113,256	$ 1,430,766	$ 1,437,590
Sewer Collection	5,109,736	5,483,999	5,686,425	6,040,930	5,436,174
Water Plant	1,364,908	1,435,775	1,624,388	1,714,932	1,791,884
Administration	2,654,410	2,746,403	2,752,435	2,792,055	3,014,493
Maintenance	731,569	957,998	761,208	606,082	663,474
Depreciation & Amortization	4,491,850	4,794,701	5,065,213	5,138,561	5,291,082
Total Operating Expenses	$ 15,308,806	$ 16,437,894	$ 17,002,925	$ 17,723,326	$ 17,634,697
Operating Income	$ 4,676,764	$ 3,972,117	$ 2,986,647	$ 2,799,201	$ 1,844,845
Non-Operating Revenues (Expenses):					
Investment Income	$ 123,059	$ 129,690	$ 137,311	$ 145,079	$ 199,850
Other Income (Expense)	74,412	(158,830)	86,191	29,327	27,389
Interest Expense	(1,999,349)	(2,041,764)	(1,899,569)	(1,722,838)	(1,666,498)
Total Non-Operating Rev. (Exp.)	$ (1,801,878)	$ (2,070,904)	$ (1,676,067)	$ (1,548,432)	$ (1,439,259)
Income (Loss) before contributions	$ 2,874,886	$ 1,901,213	$ 1,310,580	$ 1,250,769	$ 405,586
Contributions:					
Capital Grants	$ -	$ -	$ -	$ -	$ -
Capacity Fees	-	-	-	-	-
Capital Contributions-Utility Plant	3,298,786	551,066	1,301,598	2,205,798	230,920
Total Contributions	$ 3,298,786	$ 551,066	$ 1,301,598	$ 2,205,798	$ 230,920
Change in Net Assets	$ 6,173,672	$ 2,452,279	$ 2,612,178	$ 3,456,567	$ 636,506
Net Assets - PY	$ 85,950,366	$ 92,124,038	$ 94,746,989	$ 94,433,363	$ 97,889,930
Prior Year Corrections/Other	-	170,672	(2,925,804)	-	-
Net Assets - PY (Restated)	85,950,366	92,294,710	91,821,185	94,433,363	97,889,930
Net Assets	**$ 92,124,038**	**$ 94,746,989**	**$ 94,433,363**	**$ 97,889,930**	**$ 98,526,436**

Source: Audited Financial Statements of the Hendersonville Utility District of Sumner County, TN.
For additional information, please see the individual Audited Financial Statements for each year.

Hendersonville Utility District of Sumner County, Tennessee
HISTORICAL DEBT SERVICE COVERAGES

Existing Senior and Subordinated Bonds

	2016	**2017**	**2018**	**2019**	**2020**
Operating Revenues	$ 19,985,570	$ 20,410,011	$ 19,989,572	$ 20,522,527	$ 19,479,542
Operating Expenses Before Depreciation	10,816,956	11,643,193	11,937,712	12,584,765	12,343,615
Net Income Before Depreciation	$ 9,168,614	$ 8,766,818	$ 8,051,860	$ 7,937,762	$ 7,135,927
Other Income (Expenses) - Net	197,471	(29,140)	223,502	174,406	227,239
Other Fees and Grants	0	0	0	0	0
Income Available for Debt Service	$9,366,085	$8,737,678	$8,275,362	$8,112,168	$7,363,166
Annual Debt Service - Includes Capitalized Interest (1)	$4,139,388	$4,147,071	$3,847,388 (2)	$3,792,569	$3,789,527 (3)
Historical Coverage Ratio - Inclusive of Capitalized Interest	2.26 x	2.11 x	2.15 x	2.14 x	1.94 x
Projected Maximum Debt Service on all outstanding and proposed Bonds (2024)	$3,531,382	$3,776,127	$3,531,382	$3,531,382	$3,531,382
Historical Coverage Ratio	2.65 x	2.31 x	2.34 x	2.30 x	2.09 x

(1) Annual Debt Service is derived for the notes to the Audited Financial Statements in the FINANCIAL STATEMENTS of the District. Principal and Interest paid are derived from the cash flow statements of the Audited Financial Statements and **includes** the annual amount of capitalized interest, if any.

(2) Annual Debt Service for Fiscal Year 2018 excludes $3,210,000 of principal optionally prepaid on the District's outstanding Series 2008 Bonds. The Series 2008 Bonds were callled in full on February 1, 2018.

(3) Annual Debt Service for Fiscal Year 2020 excludes $595,000 of principal optionally prepaid on the District's outstanding Series 2014 Bonds. The Series 2014 Bonds were callled in full on February 1, 2020.

GENERAL INFORMATION

LOCATION

Sumner County (the “County”) is located in the northern region of Middle Tennessee. To the north, the County is bordered by the Kentucky State line and to the east, by Robertson County. Metro Nashville / Davison County and Wilson County make up the County’s southern border, and to the west, the County is bordered by Macon and Trousdale Counties. The City of Gallatin serves as the county seat and is located approximately 25 miles east of Nashville, the State Capital. Other incorporated cities in the County include Goodlettsville, Hendersonville, Millersville, Mitchellville, Portland, Westmoreland and White House.

GENERAL

Sumner County is part of the Nashville-Murfreesboro Metropolitan Statistical Area (the “MSA”), which includes Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties. According to the 2010 US Census the MSA had a population of 1,571,860.

The County is also part of the Nashville-Murfreesboro-Columbia Combined Statistical Area (the “CSA”) which includes Bedford, Cannon, Cheatham, Davidson, Dickson, Hickman, Lawrence, Macon, Marshall, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties. According to the 2010 Census, the CSA had a population of 1,674,191. The City of Nashville, the State Capital, is the largest city in the CSA with a population of 626,681 according to the 2010 Census. The 2010 Census puts Sumner County’s population at 160,645. The largest city in Sumner County is Hendersonville is 51,372. Gallatin, Sumner County seat, has a 2010 Census population of 30,278.

TRANSPORTATION

Interstate Highway I-65 runs along the eastern border of the County into Kentucky. Interstate Highway I-40 is located 12 miles south of the County. U.S. Highways 31E and State Highways 25, 52, 76, 109, 231, 258 and 386 traverse the County.

Hendersonville and nearby Nashville are on the banks of the Cumberland River. Nashville serves as a conduit or trans-shipment point for much of the traffic between the northeast and southeast United States. Barge service on the Cumberland River, together with good rail and air services, give Nashville and the City an excellent four-way transportation network.

The Cumberland River, connecting Nashville and the surrounding area to the Gulf of Mexico and intermediate points on the Ohio and Mississippi Rivers, is used by 51 commercial operators, 18 of which serve the Nashville area. With the completion of the Tennessee-Tombigbee Waterway in 1985, Cumberland River freight is able to reach the Port of Mobile, thereby eliminating approximately 600 miles of the distance from Nashville to the open sea and contributing to the development of foreign trade in Nashville. In addition, the Federal Government in 1982 approved Nashville as a Foreign Trade Zone, a secured area supervised by the United States Custom Service, which provides for the storing of foreign merchandise without duty payments.

The CSX System, a major national railroad, serves the Nashville area. In addition, five major rail lines link Nashville to all major markets in the nation. Rail carriers interchange freight and cooperate in providing and extending transit privileges covering both dry and cold storage and the processing or conversion of materials.

The Sumner County Regional Airport is the County's municipal airport with a 5,000-foot asphalt runway. The nearest commercial airport is Nashville International Airport, which is located 20 miles away. The International Airport has concrete and asphalt runways up to 11,029 feet that is served by about 13 airlines with 375 average daily flights.

Sources: Official Statements of The Metropolitan Government of Nashville and Davidson County (TN), the City and various reference sites.

EDUCATION

Public Schools

The Sumner County has one school system, the *Sumner County School System*. The Sumner County School System has forty-nine schools. In the fall of 2020, the system enrolled about 30,425 students with 2,163 teachers.

Source: Tennessee Department of Education.

Public Colleges and Universities

Tennessee State University, located in Nashville, is a major, comprehensive urban land-grant institution offering 45 bachelor's degrees and 24 master's degrees. Doctoral degrees are also offered in several areas. The 500-acre main campus, with more than 65 buildings, is located in a residential setting; the Avon Williams Campus is located a few miles away downtown, near the center of the Nashville business and government district. Founded in 1912, the university has been listed for the multiple times in the U.S. News & World Report "Guide to America's Best Colleges." The fall 2019 enrollment was 8,123 students.

Source: Tennessee State University.

Volunteer State Community College is a public two-year community college in Gallatin, Tennessee, serving a twelve-county region including the counties of Clay, Davidson, Jackson, Macon, Overton, Pickett, Putnam, Robertson, Smith, Sumner, Trousdale and Wilson. Off-Campus operations include two Degree-Granting Centers, five major teaching sites, high-school dual enrollment sites and various allied health and business sites in Davidson, Macon, Robertson, Overton and Wilson Counties. Fall 2019 enrollment was 9,227.

Source: Volunteer State Community College and TN Higher Education Commission.

Private Colleges and Universities in nearby Davidson County

Aquinas College was founded in 1961 by the Dominican Sisters of Saint Cecilia Congregation and is located on an 83-acre campus in Nashville. It offers a four-year academic in liberal arts, business, nursing, and teacher education. The fall 2020 enrollment was 1,456 students. Aquinas College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award the associate and baccalaureate degrees.

Source: Aquinas College.

Belmont University is a private Christian university located in Nashville. Belmont is among the fastest growing Christian universities in the nation with more than 7,400 students hailing from every state and 25 countries. Since 2000, enrollment has risen from just under 3,000 to more than 8,250 students for 2019, marking an increase of over 100 percent. In the annual *U.S. News & World Report* ranking of America's best colleges and universities, Belmont was cited for the third year in a row as a Top School to Watch and was ranked fifth in the Regional Universities South category, the highest ranking for the university to date. Once again, Belmont was also the highest ranked university in Tennessee in this category and was praised for its commitment to undergraduate teaching and the strength of its learning communities.

Source: Belmont University.

Fisk University is a private, black college that was established in Nashville in 1866 with 840 students enrolled for Fall of 2019. Fisk has been recognized for its success in graduating students by the Chronicle of Higher Education, Princeton Review's Best 368 Colleges, US News & World Report, and Washington Monthly. Fisk also ranks among the top-fifty baccalaureate institutions in producing African-American science and engineering doctoral degree recipients, in a study by the National Science Foundation.

Six months after the end of the Civil War, and just two years after the Emancipation Proclamation, three men established the Fisk School in Nashville. The first students ranged in age from seven to seventy, but shared common experiences of slavery and poverty. In 1871 Fisk's world-famous Jubilee Singers introduced much of the world to the spiritual as a musical genre. The Singers performed before several prominent figures at the time, including Queen Victoria. Jubilee Hall, the South's first permanent structure built for the education of black students, is designated National Historical Landmark. In 1930, Fisk became the first African-American institution to gain accreditation by the Southern Association of Colleges and Schools. In 1954, Fisk became the first, private, black college accredited for its music programs by the National Association of Schools of Music. Fisk is a member of the Council of Graduate Schools in the United States and a sponsoring institution of the Oak Ridge Associated Universities, Inc.

Source: Fisk University.

John A. Gupton College was founded in 1946 as a non-segregated proprietary school in Nashville. Gupton offers a program of study leading to a diploma in the field of Mortuary Science. The College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award the Associate of Arts Degree in Funeral Service. Gupton College was the first independent institution of funeral service education to earn regional accreditation and thus to be able to offer a course of study leading to the Associate of Arts Degree.

Source: John A Gupton College.

Lipscomb University is a private, coeducational, liberal arts institution associated with the Churches of Christ established in 1891 located in Nashville. Lipscomb offers more than 130 programs of study in 66 majors leading to bachelor of arts, bachelor of business administration, bachelor of music in music education, bachelor of science and bachelor of science in nursing degrees. Graduate degrees are offered in Bible, business, conflict management, counseling, education and pharmacy. The 2020 official enrollment was 4,884 students.

Source: Lipscomb University.

Meharry Medical College, located on 26 acres in Nashville, is the largest private, comprehensive historically black institution for education health professional and scientists in the United States. Meharry was founded in 1876 and is affiliated with the United Methodist Church. The student body is comprised of more than 877 students (fall 2019 enrollment) from 43 states, the District of Columbia and 22 foreign nations. Meharry is fully accredited by the Southern Association of Colleges and Schools.

Source: Meharry Medical College.

Nossi College of Art is located in Goodlettsville and the campus is located on 10 acres. Nossi offers a range of art degrees in Commercial Illustration, Graphic Art & Design, Digital Photography and Video. The school's construction was completed in the fall of 2010 and was conceived with the artist in mind. Complete with state-of-the art technology upgrades including ceiling projectors and retractable ceiling screens, 50″ flat screen TVs for all instructional classrooms, two large photography studios (Studio A is 2,200 sq. ft.) and an Aruba fiber optics wireless network with over 36 hubs. Nossi College of Art is accredited by the Accrediting Commission of Career Schools and Colleges.

Source: Nossi College of Art.

Trevecca Nazarene University, a national research university founded in 1901 in Nashville, is one of eight U.S. colleges and universities affiliated with the Church of the Nazarene, a denomination in the Wesleyan theological tradition. Fall 2020 enrollment was 4,124 students. Trevecca offers 53 undergraduate majors and 4 associate's degrees. Master's degrees are available in religion, education, management, physician assistant, library and information science, counseling psychology, and interdisciplinary (online). Doctorates are offered in education and in clinical counseling.

Source: Trevecca Nazarene University.

Vanderbilt University is a private research university and medical center founded in 1873 on 330 acres in Nashville. Fall 2020 Enrollment was about 7,057 undergraduates and 6,480 graduate and professional students. An independent, privately supported university employing more than 4,358 full-time faculty and a staff of more than 20,000, Vanderbilt is the largest private employer in Middle Tennessee and the second largest private employer in the state. The university comprises 10 schools, a distinguished medical center, a public policy center and The Freedom Forum First Amendment Center. Vanderbilt offers undergraduate programs in the liberal arts and sciences, engineering, music, education and human development as well as a full range of graduate and professional degrees. Vanderbilt University's Jean and Alexander Heard Library System is among the top research libraries in the nation, and one of the most important research libraries in the Southeast. The university is consistently ranked as one of the nation's top 20 universities by publications such as *U.S. News & World Report*, with several programs and disciplines ranking in the top 10.

Vanderbilt University Medical Center is a comprehensive healthcare facility dedicated to patient care, research, and biomedical education. It has 916 licensed beds and consists of 910 million square feet. It was founded in 1875. The Medical Center consists of four hospitals with several clinics located all over Middle Tennessee. In addition to Vanderbilt University Hospital, there is the Monroe Carell Jr. Children's Hospital at Vanderbilt with 222 licensed beds, the

Vanderbilt Psychiatric Hospital with 88 licensed beds and the Vanderbilt Stallworth Rehabilitation Hospital with 80 beds. The Medical Center also houses the School of Medicine with a fall 2020 enrollment of 587 students.

Source: Vanderbilt University.

Welch College. Formerly known as the Free Will Baptist Bible College, Welch College is a four-year Bible college founded in 1942 by the National Association of Free Will Baptists. Welch College served 424 students in 2020 and is the national college of the 300,000-strong Free Will Baptist denomination. It is located on a 9-acre campus in Nashville. There are six broad subject-matter areas that provide the basis for the departments of study: the Department of Biblical and Ministry Studies, the Department of Business, the Department of English and Speech, the Department of General education, the Department of Music, the Department of Teacher Education. Welch College is both regionally and nationally accredited and is a member of the Council for Higher Education Accreditation.

Source: Welch College.

Technical Colleges

Miller-Motte Technical College was founded by Judge Leon Motte founded 1916 in Wilmington, North Carolina. Over the years the college established other campuses in Tennessee, North Carolina, South Carolina, and Georgia. There are three campuses in Tennessee: Chattanooga, Clarksville and Madison. The Madison Campus offers programs in Electrical Systems, Welding Technology, and Heating and Air Conditioning/Refrigeration Technology, Solar Technology, Wind Technology, Sustainable Construction, Security Systems, Cosmetology and Esthetics. Enrolment for 2018 was 424 students.

Source: Miller-Motte College.

Nashville State Technical Community College is located in Nashville, Tennessee and was founded in 1970. Fall 2020 enrollment was 6,100. Nashville State shares a 109-acre campus with the Tennessee Technology Center at Nashville. The Nashville State facilities include 239,000 square feet of space for classrooms, labs, offices, student services, and a library. Nashville State offers 49 degree programs and 12 certificate programs. In addition, Nashville State offers continuing education courses ranging from technical skills to management training and programs providing training in such areas as computer-aided drafting and office technology. The College serves an area comprised of Davidson, Cheatham, Dickson, Houston, Humphreys and Stewart Counties, and the Upper Cumberland region. There are six satellite campuses: Clarksville, Humphreys County, Dickson, East Davidson County, North Davidson County, and Southeast Nashville.

Source: Nashville State Community College and TN Higher Education Commission.

The Tennessee College of Applied Technology at Hartsville (the "TCAT-H") and Tennessee College of Applied Technology at Nashville (the "TCAT-N"). The Tennessee College of Applied Technology at Hartsville (the "TCAT-H") and Tennessee College of Applied Technology at Nashville (the "TCAT-N") are part of a statewide system of 26 vocational-technical schools. The TCAT-H and TCAT-N meet a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. Both institutions' primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region.

The TCAT-H serves the north central region of the state including Trousdale, Macon, Smith and Sumner Counties. The TCAT-H began operations in 1965, and the 20-acre main campus is located in Trousdale County. There are also Instructional Service Centers located at the Trousdale County High School and Gallatin Housing Authority (SumHar Rose Learning Center). The TCAT-N serves the central region of the state including Davidson, Cheatham, and Robertson Counties. The TCAT-N began operations in 1963. Tennessee Technology Center at Nashville shares a 109-acre campus with Nashville State Technical Community College in Davidson County. Fall 2018 enrollment was 1,589 students for TCAT-H.

Source: Tennessee College of Applied Technology at Hartsville and Nashville, and TN Higher Education Commission.

HEALTHCARE

Sumner Regional Medical Center. Sumner Regional Medical Center (the "SRMC") is a 155-bed acute care hospital that has been serving Gallatin and the surrounding communities since 1959. The hospital serves as the flagship hospital for HighPoint Health System, formerly Sumner Regional Health Systems, Inc. SRMC is accredited by the Joint Commission and serves northern middle Tennessee. The facility celebrated the opening of a new patient tower on its campus in the summer of 2008, featuring 70 all-new private patient wellness rooms, new surgery suites, an all-new emergency department, new PACU, new labor and delivery suites and a new nursery. The hospital also provides inpatient rehabilitation services, a cardiac catheterization lab, a sleep lab, an accredited radiation oncology program, a wound care center offering hyperbaric oxygen therapy, and a state-of-the-art outpatient diagnostic center that houses a dedicated women's imaging program.

The HighPoint Health System is comprised of four hospitals, including Sumner Regional Medical Center, the 155-bed flagship hospital located in Gallatin; Riverview Regional Medical Center - North, a 63-bed acute care hospital in Carthage; Livingston Regional Hospital, a 114-bed acute care facility in Livingston; and Trousdale Medical Center, a 25-bed critical access hospital in Hartsville. This system is part of LifePoint Hospital, Inc. based in Brentwood, Tennessee. LifePoint, after being combined with RCCH Healthcare in 2018, has a network of 84 hospital hospitals in 30 states.

Source: Sumner Regional Medical Center.

TriStar Hendersonville. TriStar Hendersonville is a 148-bed community-based medical center with comprehensive medical and surgical programs. The facility was first opened in 1979 under the name of Hendersonville Community Hospital. In 2012 the hospital completed a $3 million expansion of its Critical Care Unit, doubling bed capacity from 10 to 20. Also in 2012 the TriStar Women's Imaging Hendersonville opened as an off-site facility. In 2013 the facility opened the TriStar ER Portland, a satellite emergency room in Portland.

TriStar Hendersonville is the first Accredited Chest Pain Center in Sumner County, increasing the likelihood of survival in a cardiac emergency by 37 percent. The facility is also accredited as a Certified Primary Stroke Center. TriStar Hendersonville is one of only two community hospitals in middle Tennessee accredited by The Joint Commission as a Total Joint Center.

TriStar Portland ER. Re-opened as a full-service emergency room in January 2014, TriStar Portland ER offers the full range of emergency care 24 hours a day, seven days a week. Board certified physicians work alongside registered nurses, lab and diagnostic professionals to offer the highest level of care. A visit to TriStar Portland ER gives a patient access to all the quality components as part of TriStar Health, the region's largest healthcare provider.

Source: Tri-Star Health System and Hospital Corporation of America.

Nashville is one of the nation's leaders in the healthcare field. There are several health systems headquartered in Nashville, for example Hospital Corporation of America, TriStar Health System and Hospital Alliance of Tennessee Inc. The Metropolitan Government relocated the city-owned hospital, the Metropolitan Nashville General Hospital, to Hubbard Hospital of Meharry Medical College in 1998. Skyline Medical Center, Baptist Hospital, Vanderbilt University Medical Center and St. Thomas Hospital are the city's other primary hospitals.

POWER PRODUCTION

Gallatin Fossil Plant. Tennessee Valley Authority's ("TVA") Gallatin Fossil Plant is located in Sumner County on the north bank of the Cumberland River. Construction at Gallatin began in 1953 and was completed in 1959. Gallatin has four coal-fired generating units. The winter net dependable generating capacity is 988 megawatts. The plant consumes about 12,350 tons of coal a day.

Electricity is produced at Gallatin's four coal-fired units by the process of heating water in a boiler to produce steam. Under extremely high pressure, the steam flows into a turbine that spins a generator to make electricity. Gallatin generates some 4.7 billion kilowatt-hours of electricity a year, enough to supply 300,000 homes. TVA added four combustion-turbine units at Gallatin in the early 1970s, and another four in 2000. These units, which can burn either fuel oil or natural gas, are designed to start quickly. Although they cost more to operate than TVA's other power sources, they are needed to meet the demand for electricity during peak operating periods. In 2004, two units at Gallatin set all-time continuous-run records, operating without any interruptions for repairs or maintenance for a longer period than ever before.

To reduce sulfur dioxide (SO_2) emissions, all four Gallatin units use a blend of low-sulfur coal. To reduce nitrogen oxides (NO_X), the units use low-NO_X burners. By 2010, TVA spent about $6 billion on emissions controls at its fossil-fuel plants to ensure that this power supply is generated as cleanly as possible, consistent with efficiency.

Source: Tennessee Valley Authority.

MANUFACTURING AND COMMERCE

As of 2017, an average of 83,279 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products.

Nashville MSA's largest manufacturing employers include Nissan North America, Bridgestone Americas, Electrolux Home Products, A.O. Smith Water Products and Vought Aircraft Industries. Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with retail sales of over $32.0 billion. Major regional shopping centers register more than $3.0 billion in retail sales annually, placing Nashville in the nation's top 50 markets. In the Nashville region, there are 245 shopping centers with 37.3 million square feet of gross leasable area. Nine of these centers are super-regional and 15 are regional centers. Two of the super-regional centers are located in or near the City. Rivergate Mall, one of the MSA's largest shopping centers with nearly 200 stores is located in Goodlettsville and is a major economic engine for the MSA.

Source: Official Statements of The Metropolitan Government, the City and various reference sites.

Amazon. Amazon currently operates fulfillment and sortation centers in Charleston, Chattanooga, Lebanon, Memphis, Murfreesboro and Nashville, a Prime Now Hub in Nashville and various other facilities supporting last mile delivery operations across the State of Tennessee. A new facility in Mt. Juliet is to be in production by 2021. The company is in the midst of building a corporate office in downtown Nashville, which will house the management functions for Amazon's Retail Operations division.

Since 2010, Amazon has invested more than $6.5 billion into its local fulfillment center infrastructure and through compensation to thousands of employees in the state. Amazon's investments in Tennessee contributed an additional $4.5 billion into the state's economy, and using methodology developed by the U.S. Bureau of Economic Analysis, Amazon estimates its investments in the state have created an additional 6,000 indirect jobs on top of the company's 6,500 direct hires.

Amazon in 2018 bought organic grocer Whole Foods for $13.7 billion. Amazon also added Sears' Kenmore appliances to its website and is rolling out its own ready-to-cook meal kits, competing with companies such as Blue Apron. Amazon's fulfillment network supports millions of small, medium, and large-sized businesses worldwide through its Fulfillment By Amazon offering. There are more than 30,000 authors, sellers and developers in Tennessee, growing their businesses and reaching new customers on Amazon products and services every day.

Facebook Gallatin Data Center. The global technology company, Facebook, invested $800 million to build a new 982,000-square-foot center in Gallatin. The Facebook Gallatin Data Center will be among the most advanced, energy- and water- efficient data center facilities in the world. It will be supported by 100 percent renewable energy, will use 80 percent less water than the average, and, once completed, will be LEED Gold certified. Facebook has already partnered with the TVA to bring 220 MW of new solar energy to the Tennessee Valley to support Facebook's operations in the region. Facebook will join several other large brand names located in the Gallatin Industrial Park, including Beretta USA, Gap and SERVPRO.

The *Gallatin Industrial Center*, Phase II (206 acres) has been certified with the Select Tennessee Certified Sites Program. The Select Tennessee Certified Sites Program has helped communities prepare industrial sites for private investment and job creation since 2012. The certification process ensures that each certified site meets high quality standards and are primed for development. Certified sites must have documented environmental conditions and geotechnical analysis, existing onsite utilities or a formal plan to extend utilities to the site, and truck-quality road access. The program's goal is to give companies detailed and reliable information during the site selection process and markets the sites to a targeted group of site selection consultants and business leaders in Tennessee's key industry clusters. As of January 2021, sixty-five sites in Tennessee have been certified and 23 companies have invested over $1.8

billion in capital investment to construct facilities on certified sites, accounting for more than 7,200 new job commitments.

Source: Tennessee Department of Economic and Community Development.

Tyson Foods, Inc. Tyson Foods, one of the world's largest food companies, operates facilities in Goodlettsville, Newbern, Shelbyville, Humboldt and Union City in Tennessee. The company employs more than 5,500 in the state.

Employment by industry (excluding self-employed) for the Nashville MSA in 2017:

Industry	**Employment Number**
Trade / Transportation / Utilities	184,525
Financial Activities	162,033
Education and Health Services	149,700
Government	118,433
Leisure & Hospitality	110,842
Manufacturing	83,275
Professional & Business Services	76,270
Information	23,425
TOTAL	**974,480**

Source: Nashville Area Chamber of Commerce - 2017.

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The following chart is a list of the major industrial employers in Sumner County:

Company	**Product**	**Location**	**Employment**
Sumner County Schools	Education	Gallatin	4,678
Gap, Inc	Clothing Distribution	Gallatin	2,294
Tyson Foods, Inc	Case-Ready Meats	Goodlettsville	1,993
Dollar General Corp. HQ	General Mercantile	Goodlettsville	1,100
Sumner Regional Medical Center	Healthcare	Gallatin	1,077
Xtend Healthcare	Healthcare	Hendersonville	943
UNIPRES	Pressed Metal Parts	Portland	900
ABC Fuel Systems, Inc.	Automotive Fuel Systems	Gallatin	824
Volunteer State Community College	Education	Gallatin	714
Hendersonville Medical Center	Healthcare	Hendersonville	650
Sumner County Government	Government	Gallatin	500
Peyton Mid-South	Distribution for Kroger	Portland	491
SERVPRO Industries, Inc.	Fire & Water Cleanup	Gallatin	475
City of Gallatin	Government	Gallatin	450
NASG Tennessee, North LLC	Auto Metal Stamping	Portland	351
City of Hendersonville	Government	Hendersonville	347
Thomas & Betts Corp.	Electrical Boxes	Portland	345
YAPP USA Automotive	Tier 1 Automotive Supplier	Gallatin	343
Associate Wholesale Grocers	Grocery Distribution	Goodlettsville	315
USF Holland Motor Freight	Distribution	Goodlettsville	300
Lowe’s Millwork	Wooden Doors and Trim	White House	275
Shoals Technologic	Solar Cable Assembly	Portland	272
Salga Plastics	Automotive Parts	Gallatin	264
NIC Global Manufacturing Solutions	Precision Sheet Metal	Gallatin	250
Hoeganaes Corporation	Powdered Metal	Gallatin	232
Kerby Bldg. Systems	Steel Fabrication	Portland	229
Tate Ornamental, INC.	Nonferrous Die-Cast	White House	225
MGM Windows Co.	Manufacturer	Hendersonville	225
RC Tenn	Plastic Injection Molding	Gallatin	225
Stevison Ham Company	Packaged Hams	Portland	190
Alladin Temp Rite	Food Service Equipment	Hendersonville	175
TVA Gallatin Fossil Plant	Energy	Gallatin	166
Simpson Strong Tie	Automotive	Gallatin	165
Beretta USA	Firearms Manufacturing	Gallatin	160
US Tsubaki Holdings	Automotive Timing	Portland	151
NT Glass	Custom Glass	Hendersonville	150
City of Goodlettsville	Government	Goodlettsville	141
Comm. Warehouse Cartage	Distribution	Portland	140
ITW/CIP Tennessee	Automotive Fasteners	Gallatin	130

Source: The Middle Tennessee Industrial Development Association (2020), the City of Gallatin CAFR and the City of Goodlettsville CAFR – 2020.

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EMPLOYMENT INFORMATION

Due to the national rise in unemployment due to COVID-19 in the spring of 2020, the rates for the County for February 2021 do not represent the usual unemployment rate.

For the month of February 2021, the unemployment rate for Gallatin stood at 4.4% with 21,532 persons employed out of a labor force of 22,522. For the month of February 2021, the unemployment rate for Hendersonville stood at 3.7% with 31,568 persons employed out of a labor force of 32,772. For the month of February 2021, the unemployment rate for Sumner County was 3.9% with 98,848 persons employed out of a work force of 102,812. The Nashville-Murfreesboro MSA's unemployment for February 2021 was at 4.0% with 1,032,055 persons employed out of a labor force of 1,075,106. As of February 2021, the unemployment rate in the Nashville-Murfreesboro CSA stood at 4.0%, representing 1,084,539 persons employed out of a workforce of 1,130,293.

The following charts show unemployment trends in the Counties the last 5 years:

Unemployment

	Annual Average **2015**	Annual Average **2016**	Annual Average **2017**	Annual Average **2018**	Annual Average **2019**
National	5.3%	4.9%	4.4%	3.6%	3.9%
Tennessee	5.6%	4.7%	3.8%	3.5%	3.4%
Sumner County	**4.6%**	**3.9%**	**3.0%**	**2.8%**	**2.7%**
Index vs. National	87	80	68	78	69
Index vs. State	82	83	79	80	79
Nashville-Murfreesboro MSA	**4.5%**	**3.7%**	**3.0%**	**2.8%**	**2.6%**
Index vs. National	85	76	68	78	67
Index vs. State	80	79	79	80	76
Nashville-Murfreesboro-CSA	**4.6%**	**3.8%**	**3.0%**	**2.8%**	**2.7%**
Index vs. National	87	78	68	78	69
Index vs. State	82	81	79	80	79

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

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ECONOMIC DATA

Per Capita Personal Income

	2014	2015	2016	2017	2018
National	$47,058	$48,978	$49,870	$51,885	$54,446
Tennessee	$40,801	$42,593	$43,726	$44,950	$46,900
Sumner County	**$41,731**	**$43,580**	**$45,083**	**$46,465**	**$48,656**
Index vs. National	89	89	90	90	89
Index vs. State	102	102	103	103	104
Nashville-Murfreesboro MSA	**$49,208**	**$51,805**	**$53,704**	**$55,382**	**$57,953**
Index vs. National	105	106	108	107	106
Index vs. State	121	122	123	123	124
Nashville-Murfreesboro-CSA	**$48,134**	**$50,644**	**$52,497**	**$54,127**	**$56,628**
Index vs. National	102	103	105	104	104
Index vs. State	118	119	120	120	121

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following socioeconomic factors indicate the standard of living in the Counties, as compared to that of the State and Nation:

Social and Economic Characteristics

	National	Tennessee	Sumner County	Goodlettsville
Median Value Owner Occupied Housing	$217,500	$167,200	$234,200	$218,800
% High School Graduates or Higher Persons 25 Years Old and Older	85.2%	87.5%	89.7%	93.3%
% Persons with Income Below Poverty Level	10.5%	13.9%	8.5%	10.8%
Median Household Income	$62,843	$53,320	$67,204	$60,268

Source: U.S. Census Bureau State & County QuickFacts - 2019.

RECREATION

Bledsoe Creek State Park. Off Highway 25, this 164-acre park is situated on the Bledsoe Creek embayment of the U.S. Corps of Engineers Old Hickory Reservoir near the old 1780's settlement of Cairo in Sumner County. There are many campsites, hiking trails and picnic facilities on site. Boating and fishing is also a popular activity.

Source: Tennessee State Parks.

Old Hickory Lake. The Old Hickory Lake is located on the Cumberland River in Sumner and Davidson Counties, Tennessee, is approximately 25 miles upstream from Nashville, Tennessee. The City of Hendersonville is situated on the northern shoreline of the lake and the City of Old Hickory is located on the southern side of the lake, just upstream of the lock and dam. The reservoir contains 22,500 surface acres and extends 97.3 river miles. Water level fluctuations are minimal with minimum pool elevation at 442 feet. Public facilities include nine marinas, three Corps operated campgrounds, and 41 boat access sites. Due to the fairly constant level maintained under normal operating conditions, the reservoir is well suited for conservation and recreational purposes.

Source: US Army Corps of Engineers

Tourism is a major industry in the Nashville area and nearby Davidson County. The Convention and Visitors Bureau and U. S. Travel Data Center estimate that more than 11 million tourists came to Nashville each year and spend approximately $4 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Excellent air service combined with geographic location and a superior highway transportation system contribute to the cities success. The music tradition of Nashville is reflected by the CMA Music Festival, the County Music Hall of Fame, the Gaylord Opryland Resort and Convention Center, the Grand Ole Opry, and the Ryman Auditorium. Nashville offers two professional athletic teams: the NHL Nashville Predators and the NFL Tennessee Titans in the Bridgstone Arena and the Nissan Stadium, respectively (in 2019 the City hosted the NFL Draft). Nashville also has the Bicentennial Capital Mall State Park, Frist Center for the Visual Arts, the Nashville Zoo, Natchez Trace Parkway, the Parthenon, Old Hickory and Radnor Lakes, and the Schermerhorn Symphony Center.

RECENT DEVELOPMENTS

Advanced Plating, Inc. In 2018 Advanced Plating, Inc. built a new 115,000-square-foot facility in Portland to keep up with growing demand. The electroplating manufacturer will eventually create 200 jobs and invested approximately $4 million in Sumner County. Advanced Plating provides electroplating services for the automotive, architectural fixtures and musical instrument industries. The company specializes in turnkey components as well as surface finishing technologies including polishing, anodizing, powder coating, chrome, nickel, gold and other plating finishes. Established in 1962, Advanced Plating is the largest automotive restoration plating company in the world and the largest manufacturer of OEM electric guitar components in the U.S.

Clayton Supply. Clayton Supply, one of the nation's leading homebuilders, is investing $14.2 million to repurpose and upgrade a facility in Westmoreland in 2019. Clayton aims to create approximately 110 jobs over the next two years. Since its founding in 1956, Clayton employs more than 5,400 Tennesseans. Clayton's operations in Westmoreland will build panels and trusses for residential homes in the Nashville market. The facility will be one of the most advanced of its kind in the country, allowing Clayton to offer products for residential onsite builders.

Facebook Gallatin Data Center. The global technology company, Facebook, invested $800 million to build a new state-of-the-art data center in the Gallatin Industrial Park. Once operational, the project is estimated to support approximately 100 jobs and will have more than

1,100 construction workers on site at peak. The data center will support a variety of positions and job types, from technical operations, electricians, logistics staff, security and more. Construction began in 2020 on the 982,000-square-foot facility.

Gallatin Fossil Plant. In 2013 the Tennessee Valley Authority (the "TVA") began a $1.1 billion project to cut certain emissions from the plant by as much as 96 percent. Construction of a 370-foot-tall chimney began in late 2013. The project is expected to take 5 years and will construct machines that would cut mercury, nitrogen oxide and sulfur dioxide emissions from the coal plant.

Gap Inc. The global clothing and accessories retailer Gap Inc. will expand operations at its distribution center in Gallatin in 2021. Gap Inc.'s Gallatin operations currently service retail and online shopping orders. This $83 million expansion will create 600 full-time jobs.

Togo North America Inc. The auto supplier, Togo North America, announced plans in 2019 to invest $11.4 million to establish a production facility in Portland and create 58 jobs over the by 2024. Togo North America, a subsidiary of Japan-based Togo Seisakusyo Corporation, plans to produce hose clamps at a 107,000-square-foot facility located in the Tennessee-Kentucky Business Park. The auto supplier anticipates starting operations in the fourth quarter of 2019.

Xtend Healthcare, LLC. Xtend Healthcare announced in 2019 that it would expand in Hendersonville by investing $1.3 million and creating 200 jobs. Headquartered in Hendersonville, Xtend Healthcare is an industry leader and provider of comprehensive revenue cycle solutions for hospitals, physicians, and other healthcare providers. Founded in 2009, Xtend Healthcare employs more than 700.

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APPENDIX C

SUMMARY OF BOND RESOLUTION

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following briefly summarizes certain terms and provisions of the resolution adopted by the Board of Commissioners of the District on October 19, 2020, which authorized the issuance and sale of the Series 2020 Bonds (the "Resolution"). The Resolution is supplementary to, and incorporates certain provisions of, the District's bond resolution adopted August 7, 1998, as supplemented and amended by resolutions adopted November 19, 2007, January 28, 2008, March 8, 2011, February 15, 2012, October 21, 2013, December 16, 2013, May 18, 2015, February 15, 2016 and October 19, 2020, to the extent such resolutions continue to be effective. This summary is not considered a complete explanation of the terms and conditions of the Resolution. Reference is made to the Resolution for a complete statement of the terms, provisions and conditions thereof. A copy of the Resolution may be obtained from Hendersonville Utility District, 125 Indian Lake Road, Hendersonville, Tennessee 37077, Attn: General Manager.

Definitions of Certain Terms

"Acquired System" shall mean any water procurement, treatment, storage or distribution system or sewage collection, transmission or treatment system, or any combination thereof, acquired by the District pursuant to State of Tennessee law.

"Bonds" means the Series 2011 Bonds, the Series 2012 Bonds, the Series 2015 Bonds, the Series 2016 Bonds, the Series 2020 Bonds, the Series 2021A Bonds and any Parity Bonds.

"Capital Appreciation Bonds" shall mean 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.

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder.

"Compound Accreted Value" shall mean 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 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.

"Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the District provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.

"Current Expenses" means expenses incurred by the District 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, the cost of obtaining treatment of sewage collected and transported by the sewer system, salaries and wages, cost of material and supplies, and insurance premiums, but shall exclude depreciation, amortization and interest on any bonds, notes or other obligations of the District.

"Federal Obligations" means obligations and securities described in Section 9-21-1012, Tennessee Code Annotated.

"Financial Guaranty Agreement" means any financial guaranty agreement or reimbursement agreement authorized 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 District.

"Gross Earnings" means all revenues, rentals, earnings and income of the District from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System; 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 the Resolution or the resolutions authorizing any Prior Lien Bond 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 District); 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 District from the operation of an Acquired System.

"Maturity Amount" shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

"Maximum Annual Principal and Interest Requirement" means the maximum amount of principal and Compound Accreted Value of and interest on the Bonds, including principal payable by reason of mandatory redemption provisions of the Resolution, required to be paid during a Fiscal Year during the term of the Bonds; provided, with respect to Short-Term Indebtedness, the annual principal and interest requirement for purposes of this definition shall be calculated as that amount necessary to amortize the Short-Term Indebtedness in twenty approximately equal annual payments of principal and interest; provided (i) if interest on the Short-Term Indebtedness is intended to be excludable from gross income for purposes of federal income taxation, the interest rate for Short-Term Indebtedness shall be assumed to be an interest rate equal to the most recently published Twenty-Five Revenue Bond Index as published in The Bond Buyer (or comparable index if no longer published), or (ii) if interest on the Short-Term Indebtedness is not intended to be excludable from gross income for purposes of federal income taxation, the interest rate shall be assumed to be an interest rate equal to the most recently published rates on U.S. Treasury Obligations with comparable maturities as the Twenty-Five Revenue Bond Index. Any reimbursement or guaranty payment made to a Credit Facility Issuer pursuant to a Financial Guaranty Agreement shall not be included in the calculation of principal or interest for purposes of determining the Maximum Annual Principal and Interest Requirement.

"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.

"Parity Bonds" means bonds, notes, loan agreements, and other debt obligations, including Short-Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the District on a parity with the Bonds in accordance with the restrictive provisions of the Resolution.

"Prior Lien Bond" means the District's outstanding Waterworks and Sewer Revenue Bond, Series 1995, dated December 19, 1996.

“Rating Agency” means Fitch, Moody’s, and Standard & Poor’s or any successor thereto and any other nationally recognized credit rating agency.

"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 one of the three highest rating categories (without regard to gradations within such categories) by a Rating Agency that rates the Reserve Fund Credit Facility Issuer.

"Reserve Fund Requirement" means the least of (a) the Maximum Annual Principal and Interest Requirement on the Bonds (excluding Short-Term Indebtedness) during the term thereof; (b) 125% 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 (excluding Short-Term Indebtedness) during the term thereof, or (c) 10% of the stated principal amount of the Bonds (excluding Short-Term Indebtedness), as from time to time interpreted under the Code.

“Series 2011 Bonds” mean the Water and Sewer Revenue Bonds, Series 2011, dated December 15, 2011.

“Series 2012 Bonds” mean the Water and Sewer Revenue Bonds, Series 2012, dated April 5, 2012.

“Series 2015 Bonds” mean the Water and Sewer Revenue Refunding Bonds, Series 2015, dated June 30, 2015.

“Series 2016 Bonds” mean the Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated April 1, 2016.

“Series 2020 Bonds” mean the Water and Sewer Revenue Refunding Bonds, Series 2020, dated December 1, 2020.

“Series 2021A Bonds” mean the Water and Sewer Revenue Refunding Bonds, Series 2021A, dated as of their issue date.

"Short-Term Indebtedness" means bonds, notes, loan agreements or other debt obligations, including Variable Rate Indebtedness, maturing five years or less from their date of issuance, issued by the District as Parity Bonds in accordance with the restrictive provisions of the Resolution.

"System" means the complete water procurement, treatment, storage and distribution system of the District and the complete sewage collection, transmission and disposal system of the District (which systems may be operated separately or as a consolidated system for accounting, financial, record keeping, billing and legal purposes), together with, and including all properties of every nature hereafter owned by the District, including all improvements and extensions made by the District while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Governing Body, an Acquired System may be included within the System 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.

"Variable Rate Indebtedness" means any Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Bonds. For purposes of calculating the Reserve Fund Requirement, determining compliance with the covenant as to rates, and determining compliance with the requirements of the Resolution hereof relating to the issuance of Parity Bonds, (i) if interest on the Variable Rate Indebtedness is intended to be excludable from gross income for purposes of federal income taxation, the interest rate shall be assumed to be an interest rate equal to the most recently published Twenty-Five Revenue Bond Index as published in The Bond Buyer (or comparable index if no longer published) plus fifty (50) basis points, or (ii), if interest on the Variable Rate Indebtedness is not intended to be excludable from gross income for purposes of federal income taxation, the interest rate shall be assumed to be an interest rate equal to the most recently published rates on direct U.S. Treasury Obligations with comparable maturities, plus fifty (50) basis points. For purposes of any rate covenant measuring actual debt service coverage during a test period, Variable Rate Indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period.

Application of Revenues and Creation of Funds

As long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the District in the District's Revenue Fund (the "Revenue Fund"), administered and controlled by the District. The funds so deposited 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 remaining in the Revenue Fund after payment of Current Expenses shall be applied and deposited to the various funds established under the resolution authorizing the Prior Lien Bond, in full satisfaction of the requirements thereof for the benefit of the Prior Lien Bond, for so long as the Prior Lien Bond shall be outstanding and unpaid or until the discharge, satisfaction and defeasance of the Prior Lien Bond pursuant to the resolution authorizing the Prior Lien Bond.

(c) The money thereafter remaining in the Revenue Fund shall next be used to make deposits into a separate and special fund, to be known as the "Bond and Interest Sinking Fund" (the "Bond Fund") to be kept separate and apart from all other funds of the District and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to the terms of the Resolution. Each monthly deposit shall consist of an interest component and a principal component. The interest component shall be an amount equal to not less than one-sixth (1/6th) of the interest coming due on the Bonds then outstanding on the next succeeding interest payment date. The principal component shall be an amount equal to not less than one-twelfth (1/12) of the total of the Maturity Amounts or principal amounts, as the case may be, coming due, whether by maturity or mandatory redemption, on the Bonds then outstanding during any twelve-month period. No further deposit shall be required when the Bond Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date and the total of the Maturity Amounts or principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness. Money in the Bond Fund shall be used solely and is expressly and exclusively pledged for the purpose of paying principal of and interest on the Bonds.

(d) 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.

(e) To the extent the Reserve Fund Requirement for the Bonds is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the District, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into 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 District. 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 1/12th 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 twelve (12) 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 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 Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, satisfy the contractual obligations for the benefit of the Prior Lien Bond, 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.

At the option of the District, the District 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 release an equal amount of funds on deposit in the Reserve Fund to be used by the District 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 90 days from the date the District receives notice of either of said events, the District 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 of the Resolution, the District shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of the Resolution or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the District shall satisfy the 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.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the District, the funds shall be disbursed completely before any demand is made on the Reserve Fund

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

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

(f) If the District enters into an interest rate swap or other interest rate hedging transaction with respect to the payment of interest with respect to the Bonds, the amounts that the District pays or receives under such interest rate swap or other hedging transaction shall be taken into account in calculating the interest requirements on such Bonds. Such payments shall be made or such funds received at such times and in such amounts as shall be established by a supplemental resolution authorizing the interest rate swap or other hedging transaction; provided however, termination payments received in connection with an interest rate swap or other interest rate hedging transaction shall be deposited to the Revenue Fund and termination payments required of the District shall be paid as a subordinate lien obligation, as described in (g) below.

(g) 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 District for any legally permissible purpose, as the Board of Commissioners shall determine.

(h) Money on deposit in the Funds described above may be invested by the District in such investments as shall be permitted by applicable law, as determined by an authorized representative of the District, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund, Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature more than two (2) years from the date the money is so invested. The District is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described above.

(i) 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 District and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

Covenants Regarding the Operation of the System

In the Resolution, the District covenants and agrees with the owners of the Bonds so long as any of the Bonds shall remain outstanding as follows:

Operation of the System. The District shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost and conduct all activities associated therewith or incident thereto. The District 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 the Resolution.

The System will be operated on a fully metered basis and that the District 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.

Insurance. The District shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the District shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

Records and Accounts. The District will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds the balance sheet and the profit and loss statement of the District as certified by such accountant or accountants. Each such audit, in addition to whatever matters may be thought proper by the accountant or accountants to be included therein, shall include the following:

(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 in the Resolution;

(iii) A balance sheet as of the end of the Fiscal Year;

(iv) The accountant's comments regarding the manner in which the District has carried out the requirements of the 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

(vii) A statement as to all breaches or defaults hereunder by the District of which the accountant or accountants have knowledge or, in the alternative, a statement that they have no knowledge of any such breach or default.

All expenses incurred in the making of the audits shall be regarded and paid as Current Expenses. The District further agrees to cause copies of such audits to be furnished to the registered owner of any of the Bonds, at the written request thereof, within 120 days after the close of each Fiscal Year. The registered owner of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the District relating thereto. If the District fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Bonds may cause such audits and reports to be prepared at the expense of the District.

Performance of Duties. The District will faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State, including the making and collecting of reasonable and sufficient rates for services rendered by the System and will apply the revenues of the System to the purposes and Funds specified in the Resolution.

Rate Covenant. Prior to the commencement of each Fiscal Year, the Governing Body will cause to be made an estimate of the revenues and expenditures for the Fiscal Year next succeeding, based on rates then in effect, and, based on such estimate, the Governing Body shall adjust such rates to the extent necessary to produce Net Revenues for the next succeeding Fiscal Year (i) equal to not less than 1.20 times the amount of principal and interest (including any Compound Accreted Value) payable during the next succeeding Fiscal Year on the outstanding Prior Lien Bond, the Bonds and subordinate lien bonds, if any, whether by maturity or mandatory redemption; (ii) sufficient, in addition, to provide for any required deposits during the succeeding Fiscal Year to the Reserve Fund and any other funds established by the District pursuant to the Resolution and any resolution authorizing Prior Lien Bond or subordinate lien bonds or pursuant to sound and prudent operating practices as determined by the Governing Body; and (iii) sufficient to pay any amounts payable during such Fiscal Year under any Financial Guaranty Agreement, with respect to any Reserve Fund Credit Facility, under any financial guaranty agreement entered into pursuant to the resolutions authorizing the Prior Lien Bond or any subordinate lien bonds, or any reserve fund credit facility provided under the resolutions authorizing the Prior Lien Bond or any subordinate lien bonds.

Disposal of System. The District will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or any of the System facilities sold at fair market value, provided that:

> (i) The District is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;
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> (ii) Any sale proceeds will be applied either (A) to redemption of Bonds in accordance with the provisions governing repayment of Bonds in advance of maturity, or (B) to the purchase of Bonds at the market price thereof so long as such price does not exceed the amount at which the Bonds could be redeemed on such date or the next optional redemption date as set forth in the Resolution or in any resolution authorizing Parity Bonds, 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;
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> (iii) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or useful to the operation of the System, and the operation of the

System and its revenue producing capacity are 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 District shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing in the Resolution 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 District is in full compliance with the covenants set forth in the Resolution immediately following such transfer or exchange.

Budget. Prior to the beginning of each Fiscal Year, the Governing Body shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Current Expenses, and capital expenditures for the System for the ensuing Fiscal Year 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 any Bond upon written request. The District covenants that Current Expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that the District will not expend any amounts or incur any obligations therefor in excess of the amounts provided for Current Expenses and capital expenditures in the budget except upon resolution of the Governing Body.

Franchise. The District will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently served by the District by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service.

Remedies of Bond Owners

Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the District by the provisions of the 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 of the Resolution.

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 obligations, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the District with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of the Resolution.

Statutory Mortgage Lien

For the further protection of the registered owners of the Bonds, a statutory lien in the nature of a mortgage lien upon the System is granted and created by Sections 7-82-101 et seq., Tennessee Code Annotated, which said statutory mortgage lien is recognized as valid and binding upon the District and to be a lien upon the System, subject only to the statutory mortgage lien securing the Prior Lien Bond, and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on the Bonds.

Prohibition of Prior Lien; Parity Bonds

The District will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Bonds.

Additional bonds, notes or obligations may be issued on a parity with the Bonds under the following conditions but not otherwise:

(a) Additional bonds, notes or obligations may be issued on a parity with the Bonds without regard to the requirements of subsection (c) below, if such bonds, notes or obligations shall be issued for the purpose of refunding any of the Bonds 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 months after the date of delivery of such refunding bonds, notes or obligations and for the payment of which insufficient money is available in the Bond Fund.

(b) Additional bonds, notes or obligations may be issued on a parity with the Bonds without regard to the requirements of subsection (c) below, if such bonds, notes or obligations shall be issued for the purpose of refunding any Bonds under circumstances not resulting in the defeasance of all of the Bonds pursuant to the Resolution, provided the Maximum Annual Principal and Interest Requirement computed with respect to all Bonds to be outstanding as of the date of issuance of such additional bonds, notes or obligations (and after giving effect to the application of the proceeds thereof) shall not be greater than 1.05 times the Maximum Annual Principal and Interest Requirement computed with respect to all Bonds outstanding as of the date immediately preceding the issuance of such additional bonds, notes or obligations.

(c) For the purpose of refunding any Bonds under circumstances not resulting in the defeasance of all of the Bonds pursuant to the Resolution 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 the most recent Fiscal Year for which an annual audit has been delivered must have been equal to at least 1.20 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 other than any Bonds 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, provided, however, if the annual audit for the most recent Fiscal Year has not been delivered within nine (9) months after the end of such Fiscal Year, Parity Bonds may not be issued pursuant to this paragraph; or

(B) (i) the Net Revenues of the System for the most recent Fiscal Year for which an annual audit has been delivered must be equal at least to 1.20 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 other than any Bonds 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, however, if the annual audit for the most recent Fiscal Year has not been delivered within nine (9) months after the end of such Fiscal Year, Parity Bonds may not be issued pursuant to this paragraph; provided, further, that if prior to the issuance of such additional bonds, notes, loan agreements or obligations the District 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 the immediately preceding Fiscal Year, 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 water and sewer 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 Fiscal Year; and (ii) 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 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 water and sewer systems, must be equal to at least 1.20 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 other than any Bonds 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, (2) fund necessary reserves related thereto, (3) fund capitalized interest related to the additional bonds, notes or other obligations, and (4) pay the costs and expenses of issuance and sale of the additional bonds.

Modification of Resolution

The 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 in the Resolution.

In addition to the amendments to the Resolution without the consent of registered owners as referred to above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the District but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the District) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in the Resolution; provided, however, that the Resolution may not be so modified or amended in such manner, without the consent of 100% 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.

Whenever the District shall propose to amend or modify the Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the District for public inspection.

Whenever at any time within one (1) year from the date of mailing of said notice there shall be filed with the Secretary of the Governing Body an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the District may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding, 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, in the Resolution provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the District from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Bond shall be irrevocable for a period of six (6) 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 or Parity Bond during such period. Such consent may be revoked at any time after six (6) months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the District office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

Discharge and Satisfaction of Bonds

If the District shall pay and discharge the indebtedness evidenced by any 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 Federal Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

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

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

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

Prospective Amendments to the Resolution

Upon the payment and/or discharge of the Series 2011 Bonds, the Series 2012 Bonds, the Series 2015 Bonds and the Series 2016 Bonds, the following amendments to the Resolution will become effective:

(i) The Resolution will be amended by replacing the definition of "Reserve Fund Credit Facility Issuer" with the following: *"Reserve Fund Credit Facility Issuer" means the issuer of a Reserve Fund Credit Facility satisfying the rating qualifications specified by the resolution authorizing the series of Bonds to be secured by the such Reserve Fund Credit Facility, and for any other series of Bonds for which such rating qualifications are not otherwise specified, the issuer of a Reserve Fund Credit Facility shall be rated, at the time at which such Reserve Fund Credit Facility is purchased, in not less than the third-highest rating category (without regard to gradations within such category) by each Rating Agency that rates such Reserve Fund Credit Facility Issuer and which also rates any Bonds secured by such Reserve Fund Credit Facility.*

(ii) The Resolution will be amended by replacing the definition of "Reserve Fund Requirement" with the following: *"Reserve Fund Requirement" means an amount determined from time to time by the District as a reasonable reserve, if any, for the payment of the principal of and interest on a series of Bonds, pursuant to the resolution authorizing such Bonds.*

(iii) The Section of the Resolution described in subsection (e) of "Application of Revenues and Creation of Funds" above will be amended and restated as follows:

(e) To the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the District, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments; and provided further that, in the event there are insufficient amounts to fully satisfy the replenishment requirements with respect to two or more separate Reserve Fund Requirements, then such amounts shall be applied to the replenishment of the Reserve Fund Requirements pro rata in proportion to the relative deficiencies therein. 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 Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. 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 District for legally permissible purposes.

At the option of the District, the District may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the District for legally permissible purposes. At any time during the term hereof, the District shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of the Resolution with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the District shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or

Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect.

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

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

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.

Notwithstanding in the Resolution to the contrary, (i) the District may issue Parity Bonds without a Reserve Fund Requirement, as shall be specified in the bond resolution authorizing such Parity Bonds; and (ii) the District may establish a common Reserve Fund Requirement for two or more series of Bonds.

APPENDIX D

ANNUAL FINANCIAL REPORT

OF

HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

FOR THE FISCAL YEAR ENDED

June 30, 2020

The General Purpose Financial Statements are extracted from the Annual Financial Report of Certified Public Accountants of the District for the fiscal year ended June 30, 2020, which is available upon request from the District.

HENDERSONVILLE UTILITY DISTRICT

OF SUMNER COUNTY, TENNESSEE

Financial Statements and Supplementary Data

For the Years Ended June 30, 2020 and 2019

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

For the Years Ended June 30, 2020 and 2019

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HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Hendersonville Utility District (HUD) is a municipal corporation operated under the general supervision and control of a three (3) member board as prescribed by Chapter 248, Public Act of 1937, and as amended by Chapter 76, Public Act of 1947. HUD is comprised of a water treatment plant, a water distribution system and a wastewater collection system. All wastewater is pumped to and treated at Metro Nashville's Dry Creek WWTP.

The intent of this discussion and analysis is to provide narratives for the financial activities of HUD. The readers of this narrative should also review the transmittal letter, financial statements, and note disclosures to enhance the understanding of HUD's financial performance.

The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The Statement of Net Position presents the overall financial position of the District on June 30, 2020. The Statement of Revenues, Expenses and Changes in Net Position summarizes the results of the operation activities over the course of the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs.

The statement of cash flows provides relevant information about cash receipts and cash disbursements and changes in cash and cash equivalents resulting from operational, financial and investing activities.

The notes to the financial statement provide disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes provide information regarding the District's accounting policies, significant account balances and activities, certain material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements are presented using the accrual basis of accounting and the flow of economic resources measurement focus. The accrual basis of accounting is similar to accounting used by similar business activities in the private sector. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or expended.

FINANCIAL STATEMENT OVERVIEW

The financial statements presented herein are comprised of statement of net position, statement of revenues, expenses, and changes in net position, the statement of cash flows, and the accompanying notes to the financial statements. The water and sewer systems do maintain separate accounting records but not cash funds.

TABLE I

HENDERSONVILLE UTILITY DISTRICT
CONDENSED STATEMENT OF NET POSITION
JUNE 30

	2020	2019	2018
Assets			
Current assets	$ 28,747,109	26,670,217	24,118,140
Capital assets (net)	125,694,402	129,758,328	131,270,459
Deferred Outflows of Resources	3,267,919	2,502,177	2,275,148
Total Assets and Deferred Outflows	$ 157,709,430	158,930,722	157,663,747
Liabilities			
Current liabilities	$ 3,209,546	3,898,059	4,289,065
Long-term liabilities	55,766,512	56,958,421	58,738,533
Deferred Inflows of Resources	206,936	184,312	202,786
Liabilities and Deferred Inflows	59,182,994	61,040,792	63,230,384
Net Position			
Net investment in capital assets	80,945,153	81,773,738	80,140,703
Restricted for debt service	3,610,914	4,336,622	4,293,570
Unrestricted	13,970,369	11,779,570	9,999,090
Total Net Position	98,526,436	97,889,930	94,433,363
Total Liabilities and Net Position	$ 157,709,430	158,930,722	157,663,747

The District's assets exceeded its liabilities by $98,526,436 for the year ended June 30, 2020 as compared to $97,889,930 in the previous fiscal year.

The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources, because the capital assets themselves cannot be used to repay the debt. The unrestricted net position may be used to meet the obligations to employees and creditors and provide current operating resources.

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE II
CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30,

	2020	2019	2018
Operating Revenue	$19,479,542	20,522,527	19,989,572
Operating Expenses	17,634,697	17,723,326	17,002,925
Operating Income (loss)	1,844,845	2,799,201	2,986,647
Non-operating Income (Expenses)	(1,439,259)	(1,548,432)	(1,676,067)
Income (Loss) Before Contributions	405,586	1,250,769	1,310,580
Capital Contributions	230,920	2,205,798	1,301,598
Change in Net Position	636,506	3,456,567	2,612,178
Net position-beginning of year,as previously reported	97,889,930	94,433,363	94,746,989
Restatement	-	-	(2,925,804)
Net position, beginning of year as restated	94,433,363	94,433,363	91,821,185
Net position - end of year	$98,526,436	97,889,930	94,433,363

The District's total net position increased by $636,506 as compared to $3,456,567 in the prior year. This difference is primarily the result of a decrease in capital contributions of $1,974,878 and a decrease in operating revenues of $1,042,985.

TABLE III
CASH FLOWS
FOR THE YEAR ENDED JUNE 30,

	2020	2019	2018
Cash Flow and Operating Activities	7,355,436	7,862,283	8,919,753
Cash Flows from Capital and Related Financing Activities	(5,367,750)	(5,442,416)	(11,956,936)
Cash Flows from Non capital Financing Activities	3,600	(7,263)	(1,174)
Cash Flows from Investing Activities	(318,966)	642,575	(891,121)
Net Increase (Decrease) in Cash and8 Cash Equivalents	1,672,320	3,055,179	(3,929,478)
Cash and Cash Equivalents - Beginning of Year	20,075,785	17,020,606	20,950,084
Cash and Cash Equivalents-End of Year	21,748,105	20,075,785	17,020,606

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE IV
DEBT

As of June 30, 2020 debt consists of the following long-term liabilities:

$485,000 Waterworks and Sewer Revenue Bonds, Series 1995, payable in monthly installments of $2,421 through April 1, 2035 with interest at 5.125%.	$ 293,922
$10,000,000 Water and Sewer Revenue and Refunding Bonds, Series 2011, due in varying annual installments through August 1, 2039, at varying rates of interest from 3.20% to 4.15%.	10,000,000
$21,000,000 Water and Sewer Revenue Bonds, Series 2012, due in varying annual installments through August 1, 2039, at varying rates of interest from 2.50% to 5.00%.	15,340,000
$8,585,000 Waterworks and Sewer Revenue bonds, Series 2013, due in varying annual installments through August 1, 2040, At varying rates of interest from 1.0% to 3.25%.	7,535,000
$5,205,000 Waterworks and Sewer Revenue and Refunding Bonds, Series 2014, due in varying annual installments through February 1, 2023, At varying rates of interest from 2.50% to 4.50%.	-
$9,525,000 Water and Sewer Revenue and Refunding Bonds, Series 2015, due in varying annual installments through June 30, 2038, at varying rates of interest from 3.00% to 3.75%.	9,180,000
$7,250,000 Waterworks and Sewer Revenue and Refunding Bonds, Series 2016, due in varying annual installments through June 30, 2046, at varying rates of interest from 2% to 4%.	6,935,000
Total long-term debt	$49,283,922

TABLE V

CAPITAL ASSETS/PLANT

Capital assets activity for the year ended June 30, 2020 and 2019, was as follows

	2020	2019
Capital Assets Not Being Depreciated	$ 698,018	803,582
Capital Assets Being Depreciated	202,897,622	201,593,551
Less Accumulated Depreciation	(77,901,238)	(72,638,805)
Net Capital Assets	$125,694,402	129,758,328

:

FACTORS AFFECTING FUTURE STATEMENTS AND RATES

The Hendersonville Utility District has several ongoing water and sewer projects scheduled for fiscal year 2020-2021. HUD's rates are projected to generate sufficient revenues to satisfy operating requirements and our current bond and loan obligations for these projects.

CONTACTING THE DISTRICT

This financial report is designed to provide the District's Commissioners, customers, creditors and regulatory agencies with a general overview of the District's finances.

For questions about this report, or additional information, the District can be contacted at:

Hendersonville Utility District of Sumner County, Tennessee
125 Indian Lake Road, P.O. Box 180
Hendersonville, Tennessee 37077-0180

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
The Hendersonville Utility District of Sumner County, Tennessee
Hendersonville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Hendersonville Utility District of Sumner County, Tennessee (the District), as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the District, as of June 30, 2020 and 2019 and the changes in net position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v and schedules of net pension liability (asset), employer contributions, ratios and related actuarial methods and assumptions based on participation in the Public Employee Pension Plan of TCRS and the District's OPEB plan on pages 22 - 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplemental Information on the accompanying schedules on pages 28 – 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplemental schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for those financial schedules marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked as "Unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to soley describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 14, 2020

THE HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

Statement of Net Position

June 30, 2020 and 2019

		2020	2019
Current Assets			
Cash and cash equivalents:			
Unrestricted cash and cash equivalents	$	12,666,458	11,185,741
Restricted cash and cash equivalents:			
Debt service		4,695,714	5,056,359
Construction		4,385,933	3,833,685
Total cash and cash equivalents		21,748,105	20,075,785
Investments, certificates of deposit Unrestricted		4,086,966	3,568,150
Acounts receivable:			
Customer, net of allowance for doubtful accounts of $50,000		1,042,211	1,259,425
Unbilled customer revenue		996,495	955,929
Total accounts receivable		2,038,706	2,215,354
Inventory		697,148	626,948
Prepaid Expenses		176,184	183,980
Total Current Assets		28,747,109	26,670,217
Non-Current Assets			
Capital assets:			
Capital assets not being depreciated		698,018	803,582
Capital assets being depreciated		202,897,622	201,593,551
Less accumulated depreciation		(77,901,238)	(72,638,805)
Total Non-Current Assets		125,694,402	129,758,328
Deferred Outflows of Resources			
Deferred amount on refunding		1,254,315	1,358,691
Deferred outflows relating to OPEB plan		987,642	-
Deferred outflows relating to TCRS pension plan		1,025,962	1,143,486
Total Deferred Outflows of Resources		3,267,919	2,502,177
Total Assets and Deferred Outflows of Resources	$	157,709,430	158,930,722
Current Liabilities			
Accounts payable	$	689,123	935,645
Accrued liabilities		194,337	165,705
Customers deposits		16,963	13,363
		900,423	1,114,713
Current liabilities payable from restricted assets:			
Accrued interest payable		684,800	719,737
Revenue bonds payable - current portion		1,624,323	2,063,609
		2,309,123	2,783,346
Total Current Liabilities		3,209,546	3,898,059
Non-Current Liabilities			
Long-term debt, net of current portion		48,765,174	51,113,357
Net pension obligation -TCRS pension plan		1,668,853	1,767,172
Net OPEB plan obligation		5,332,485	4,077,892
Total Non-Current Liabilities		55,766,512	56,958,421
Total Liabilities		58,976,058	60,856,480
Deferred Outflows of Resources			
Deferred inflows relating to TCRS pension plan		206,936	184,312
Net Position			
Net investment in capital assets		80,945,153	81,773,738
Restricted for:			
Debt service		4,010,914	4,336,622
Unrestricted		13,570,369	11,779,570
Total Net Position		98,526,436	97,889,930
Total Liabilities, Deferred Inflows of Resources and Net Position	$	157,709,430	158,930,722

See accompanying notes to financial statements.

THE HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2020 and 2019

		2020	2019
Operating revenue:			
Water service charges	$	6,240,021	6,376,569
Sewer service charges		9,147,045	10,479,298
Sewer User Fee		2,265,340	906,186
Tap fees and connection fees		531,657	702,717
Capacity fees		596,050	1,245,450
Other		699,429	812,307
Total revenue		19,479,542	20,522,527
Operating expenses:			
Water distribution		1,437,590	1,430,766
Sewer collection		5,436,174	6,040,930
Water plant		1,791,884	1,714,932
Administration		3,014,493	2,792,055
Maintenance		663,474	606,082
Depreciation		5,291,082	5,138,561
Total operating expenses		17,634,697	17,723,326
Operating income		1,844,845	2,799,201
Non-operating revenue (expense):			
Investment income		199,850	145,079
Other income (expense)		27,389	29,327
Interest expense		(1,666,498)	(1,722,838)
Total non-operating revenue (expense)		(1,439,259)	(1,548,432)
Income (Loss) before contributions		405,586	1,250,769
Contributions:			
Developer contribution		230,920	2,205,798
Total contributions		230,920	2,205,798
Change in net position		636,506	3,456,567
Net Position, Beginning of Year		97,889,930	94,433,363
Net Position, End of Year	$	98,526,436	97,889,930

See accompanying notes to financial statements.

THE HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

Statement of Cash Flows

For the Years Ended June 30, 2020 and 2019

		2020	2019
Cash flows provided (used) by operating activities			
Receipts from customers	$	19,656,190	20,552,725
Payments to employees		(2,544,369)	(2,557,988)
Payments to suppliers for goods and services		(9,770,756)	(10,151,012)
Other		14,371	18,558
Net cash provided (used) by operating activities		7,355,436	7,862,283
Cash flows provided (used) by capital and related financing activities			
Additions to capital assets		(991,223)	(1,660,617)
Proceeds from the sale of capital assets		8,000	10,770
Proceeds from issuance of debt		-	-
Bond premium		-	-
Principal paid on long term-debt		(2,658,609)	(1,997,931)
Interest paid on long-term debt		(1,725,918)	(1,794,638)
Net cash provided (used) by capital and related financing activities		(5,367,750)	(5,442,416)
Cash flows provided (used) by non capital financing activities			
Customer deposits		3,600	(7,263)
Net cash provided (used) by non capital financing activities		3,600	(7,263)
Cash flows from investing activities			
Sale (Purchase) of investments (certificates of deposits)		(518,816)	497,496
Investment income from cash and cash equivalents		199,850	145,079
Net cash provided (used) by investing activities		(318,966)	642,575
Net increase (decrease) in cash and cash equivalents		1,672,320	3,055,179
Cash and Cash Equivalents at beginning of year		20,075,785	17,020,606
Cash and Cash Equivalents at end of year	$	21,748,105	20,075,785

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

Operating income (loss)	$	1,844,845	2,799,201
Adjustm			
Depreciation and amortization		5,291,081	5,138,560
Increase (decrease) in TCRS pension cost		41,829	(54,373)
Increase (decrease) in OPEB cost		266,952	136,000
Other		14,376	18,558
Change in net assets and liabilities:			
(Increase) decrease in:			
Receivables		176,648	30,198
Inventory		(70,200)	(32,388)
Prepaid expenses		7,797	7,796
Increase (decrease) in:			
Accounts payable		(246,523)	65,643
Accrued expenses		28,631	(246,912)
Net cash provided (used) by operating activities	$	7,355,436	7,862,283

Supplemental Schedule of Non-cash Capital Financing Activities

Uitlity plant contributed by developers	$	230,920	2,205,798
Contracts payable from preceding year	$	-	239,986

See accompanying notes to financial statements.

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Hendersonville Utility District of Sumner County, Tennessee (District) was incorporated on April 15, 1948 under the statutes of the State of Tennessee. The District was organized for the purpose of acquiring, maintaining and securing the benefits of publicly owned and operated systems for the furnishing of water and sewer systems in the City of Hendersonville, Tennessee and certain surrounding areas.

Reporting Entity

The Hendersonville Utility District of Sumner County, Tennessee, is the basic level of government which has financial accountability and control over all activities related to the operations of the water and sewer systems in a designated portion of Sumner County, Tennessee. The District is not included in other governmental "reporting entities", because it was created as a body corporate and therefore, has the capacity to have a name; the right to sue and be sued without recourse to another governmental unit; the right to buy, sell , lease and mortgage property in its name. It determines its own budget and sets its own revenue generating rates; it has authority to issue bonded debt, subject to existing bond covenant provisions, without approval by another government and primary accountability for all fiscal matters.

Based upon the above criteria set forth in GASB pronouncements, there are no component units to be included in the District's financial statements.

Basis of Presentation

The Hendersonville Utility District of Sumner County, Tennessee maintains all its financial records and prepares its financial statements on the accrual basis of accounting. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred. The principal operating revenues of the District are charges to customers for sales and services. The District recognizes as operating revenue the portion of tap fees intended to recover the costs of connecting new customers to the system. Operating expenses include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted Assets

When both restricted and unrestricted resources are available for use the policy of the District is to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and consist principally of demand deposits, short term certificates of deposits (original maturities of three months or less).

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents (Continued)

Statutes authorize the District to invest in (a) US Government securities and obligations guaranteed by the US Government, (b) deposit accounts at state and federal chartered banks and savings and loan associations, (c) the Local Government Investment Pool of the State of Tennessee. During the year, the District invested funds that were not needed immediately in savings accounts and certificates of deposits. Deposits in financial institutions are required by State statute to be secured and collateralized by the financial institutions. The collateral must meet certain requirements and must have a minimum market value of 105% of the value of the deposits balance less the amount insured by federal institutions who participate in the State of Tennessee's collateral pool.

Inventories

Inventories are recorded at cost on a first-in, first-out basis using the consumption method.

Capital Assets

Capital assets of the District, primarily property, plant and equipment are stated at historical cost. Capital assets are defined by the District as assets with an initial individual cost of $5,000 or more and an estimated useful life in excess of one year. Donated capital assets are stated at their fair value on the date donated. Depreciation is provided for using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	20-50
Water and sewer lines and related assets	20-50
Equipment, furniture, and fixtures	5-10

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources are presented after total assets, a deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. Deferred inflows of resources are presented after total liabilities, a deferred inflow of resources is an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

Deferred outflow of resources include the deferred amount on bond refunding. The deferred amount on refunding results form the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding bonds. Deferred outflows of resources and deferred inflows of resources also include amounts related to pensions, and pension expense.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Tennessee Consolidated Retirement System

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of Hendersonville Utility District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System`(TCRS), and additions to/deductions from Hendersonville Utility District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employees Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees Retirement Plan of TCRS. Investments are report at fair value.

Compensated Absences

Employees of the District are entitled to paid vacation depending on the length of service and other factors. The District recognizes vacation leave when earned. Any unused sick leave at the time employment with the District ends is credited to the employee's longevity per TCRS regulations. Accordingly there is no accrual for accumulated sick leave.

Equity Classification

Equity is classified as net position and displayed in three components:

a. *Net Investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets net of related issue costs.
b. *Restricted net position* - Consists of net assets with constraints, primarily for debt service.
c. *Unrestricted net position* - All other amounts that do not meet the definition of restricted or net investment in capital assets.

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District=s deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. State statutes require deposits to be either (I) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. At June 30, 2020, all deposits were adequately collateralized.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. District policy provides that to the extent practicable, investments are matched with anticipated cash flows.

(2) DEPOSITS AND INVESTMENTS, Continued

Credit Risk the District does not have a formal investment policy, however management's current investment practice is formulated around the prudent-person rule: investments are made as a prudent person should be expected to make, with discretion and intelligence, to produce reasonable income, preserve capital and, in general, avoid speculative investments.

Investments:

As of June 30, 2020, the District had investments in certificates of deposit in the amount of $4,086,967 with interest from 1.75%-3%, with maturities from 24 to 36 months.

(3) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 564,163	-	-	564,163
Construction in progress	239,419	144,882	(250,446)	133,855
	803,582	144,882	(250,446)	698,018
Capital assets being depreciated				
Utility Plant	188,000,679	376,619	250,446	188,627,744
Building and improvements	4,917,414	64,045	-	4,981,459
Machinery and equipment	8,675,458	667,290	(54,329)	9,288,419
	201,593,551	1,107,954	196,117	202,897,622
Less accumulated depreciation				
Utility plant in service	64,560,115	4,617,825	-	69,177,940
Buildings and improvements	1,300,263	125,619		1,425,882
Machinery and equipment	6,778,427	547,638	(28,649)	7,297,416
	72,638,805	5,291,082	(28,649)	77,901,238
Capital assets, net	$ 129,758,328			125,694,402

Capital assets activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 564,163	-	-	564,163
Construction in progress	2,897,940	834,208	(3,492,729)	239,419
	3,462,103	834,208	(3,492,729)	803,582
Capital assets being depreciated				
Utility Plant	182,109,411	2,398,539	3,492,729	188,000,679
Building and improvements	4,897,914	19,500	-	4,917,414
Machinery and equipment	8,347,934	374,182	(46,658)	8,675,458
	195,355,259	2,792,221	3,446,071	201,593,551
Less accumulated depreciation				
Utility plant in service	60,030,957	4,529,158	-	64,560,115
Buildings and improvements	1,179,146	121,117		1,300,263
Machinery and equipment	6,336,800	488,285	(46,658)	6,778,427
	67,546,903	5,138,560	(46,658)	72,638,805
Capital assets, net	$ 131,270,459			129,758,328

Depreciation expense amounted to $5,291,082 and $5,138,560 in 2020 and 2019, respectively.

\HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

Notes to Financial Statements

(4) DEBT

The changes in long-term liabilities, during the year ended June 30, 2020, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue Bonds and Loans	$ 51,942,532	-	(2,658,610)	49,283,922
Bond Premium	1,258,071	-	(130,726)	1,127,345
Bond Discount	(23,637)	-	1,867	(21,770)
Total debt, net of deferred charge	$53,176,966	-	(2,787,469)	50,389,497

The changes in long-term liabilities, during the year ended June 30, 2019, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Revenue Bonds and Loans	$ 53,940,464	-	(1,997,931)	51,942,532
Bond Premium	1,409,806	-	(151,735)	1,258,071
Bond Discount	(25,546)	-	1,909	(23,637)
Total debt, net of deferred charge	$55,324,724	-	(2,147,757)	53,176,966

Description of Revenue Bonds and Notes

Bonds and notes were as follows at June 30,2020 and 2019:

	2020	**2019**
$485,000 Waterworks and Sewer Revenue Bonds, Series 1995, payable in monthly installments of $2,421 through April 1, 2035 with interest at 5.125%.	$ 293,922	307,532
$10,000,000 Water and Sewer Revenue and Refunding Bonds, Series 2011, due in varying annual installments through August 1, 2039, at varying rates of interest from 3.20% to 4.15%.	10,000,000	10,000,000
$21,000,000 Water and Sewer Revenue Bonds, Series 2012, due in varying annual installments through August 1, 2039, at varying rates of interest from 2.50% to 5.00%.	15,340,000	16,205,000
$8,585,000 Waterworks and Sewer Revenue bonds, Series 2013, due in varying annual installments through August 1, 2040, At varying rates of interest from 1.0% to 3.25%.	7,535,000	7,685,000
$5,205,000 Waterworks and Sewer Revenue and Refunding Bonds, Series 2014, due in varying annual installments through February 1, 2023, At varying rates of interest from 2.50% to 4.50%.	-	1,430,000
$9,525,000 Water and Sewer Revenue and Refunding Bonds, Series 2015, due in varying annual installments through June 30, 2038, at varying rates of interest from 3.00% to 3.75%.	9,180,000	9,250,000
$7,250,000 Waterworks and Sewer Revenue and Refunding Bonds, Series 2016, due in varying annual installments through June 30, 2046, at varying rates of interest from 2% to 4%.	6,935,000	7,065,000
Total long-term debt	$ 49,283,922	51,942,532

4) DEBT, Continued

Debt Service Requirements

The annual debt service requirement to maturity for long-term debt obligations, as of June 30, 2020, were as follows:

	Revenue Bonds	
Year	Principal	Interest
2021	$ 1,624,323	1,631,748
2022	1,705,075	1,562,421
2023	2.185,866	1,495,256
2024	2,276.699	1,431,648
2025	2,397,575	1,366,396
2026-2030	11,449,657	5,846,853
2031-2035	12,409,727	4,043,174
2036-2040	14,035,000	1,558,232
2041-2045	980,000	136,479
2046	220,000	7,425
	$ 49,283,922	19,079,632

Revenue bonds

The District's outstanding revenue bonds contain provisions that, in the event of default, outstanding amounts are to become immediately due if the District is unable to make payment. The various bond indentures also contain significant limitations and restrictions as to the use of revenues in paying current expenditures (expenses) and the maintenance of debt service sinking fund and reserves, and the maintenance of minimum revenue bond coverage. Also, various bond resolutions contain other restrictive covenants and requirements with which the City must comply. As of and for the year ended June 30, 2020, it was management's opinion that the District was in compliance with all such limitations and requirements. The District had no unused bank credit lines at June 30, 2020.

(5) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and reported revenue and expenses. Accordingly, actual results could differ from these reported amounts.

(6) EMPLOYERS RETIREMENT SYSTEM

General Information about the TCRS Pension Plan

Plan description. Employees of the District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the

(6) EMPLOYERS RETIREMENT SYSTEM (CONTINUED)

General Information about the TCRS Pension Plan

TCRS. The TCRS issues a publicly available financial report that can be obtained at. https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-InvestmentPolicies.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	23
Active employees	47
	94

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed the the Tennessee General Assembly. Employees contribute 5 percent of salary. The District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the Actuarially Determined Contribution (ADC) for the District was $437,499 based on a rate of 22.18 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the District's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The District's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

(6) EMPLOYERS RETIREMENT SYSTEM (CONTINUED)

General Information about the TCRS Pension Plan

Actuarial assumptions. The total pension liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

(6) EMPLOYERS RETIREMENT SYSTEM (CONTINUED)

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent per annum, compounded annually. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability(Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/18	$ 11,395,229	9,628,057	1,767,172
Changes for the year:			
Service cost	173,422	-	173,422
Interest	821,532	-	821,532
Differences between expected and actual experience	8,368	-	8,368
Change in assumptions	-	-	-
Contributions-			
Employer	-	392,138	(392,138)
Employees	-	-	-
Net investment income	-	713,686	(713,686)
Benefit payments, including refunds of employee contributions	(474,353)	(474,353)	-
Administrative expense	-	(4,183)	4,183
Other changes	-	-	-
Net changes	528,969	627,288	(98,319)
Balance at 6/30/19	$ 11,924,198	10,255,345	1,668,853

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the District calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage lower (6.25 percent) or 1-percentage higher (8.25 percent) that the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The District's net pension liability (asset)	$3,232,450	$1,688,853	$365,967

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2020, the District recognized pension expense of $479,328.

(6) EMPLOYERS RETIREMENT SYSTEM (CONTINUED)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 467,138	88,244
Net difference between projected and actual earning on pension plan investments	-	118,692
Change in assumptions	121,325	-
Contributions subsequent to the measurement date of June 30, 2019	437,499	-
Total	$ 1,025,962	206,936

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$ 119,145
2022	42,715
2023	138,796
2024	79,484
2025	1,395
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2020, the District reported a payable in the amount of $31,620 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

(7) OTHER POST EMPLOYMENT

The District adopted GASB Statement No. 75, this statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 75 requires the District to report the total liability on the face of the financial statements and also requires the presentation of more extensive note disclosures and required supplementary information about their OPEB.

General Information about the OPEB Plan

Plan description. Employees of the District are provided a single-employer defined benefit plan for retiree health insurance, the plan is administered by the District

Funding Policy

The District does not intend to fund the post-employment medical plan. No assets have been segregated and restricted to provide s for post-employment benefits.

Demographic Information

The following table summarizes active and retiree demographic information for the medical plan. This reflects the benefits as of June 30, 2020 based on data provided by the client.

	STATUS	Employee Only	Employee & Dependents
Active	48	25	23
Retired	16	16	0
Total	**64**	**41**	**23**

Adjusted for terminations and new hires during the fiscal year ending June 30, 2020.

Summary of Plan Provisions

Medical Benefits

Eligibility	Age 62 with 15 years of service or 30 years of service without regard to age.
Postretirement Contribution	The District contributes the full cost of individual coverage. Once Medicare eligible the District pays the full cost of a Medicare supplement plan and reimburses the retiree for the Medicare Part B premium. No dependent coverage is available to retirees.

(7) OTHER POST EMPLOYMENT

Medical Benefits (Continued)

Medical Plan Benefit	Benefits are provided through a healthcare benefit plan. Medicare supplement benefits are provided through Blue Cross Blue Shield.
Other Benefits	No other health care benefits are available to retirees.
Change in Plan Provisions	None.

Methods and Assumptions

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary.
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	2.21% (-0.79% real rate of return plus 3.00% inflation)

Average per Capita Claim cost: Determined as of July 1, 2017

Age	Medical
55	9,498
56	9,783
57	10,076
58	10,379
59	10,690
60	11,011
61	11,341
62	11,681
63	12,032
64	12,393

The Medicare supplement premium is currently $ 413.00 per month. The 2020 Medicare average Part B premium of $ 149.54 was used in this valuation.

Health Care Cost Trend 4.50% level for pre-65 claim costs. 3.00% for Medicare costs.

(7) OTHER POST EMPLOYMENT

Methods and Assumptions, Continued

Mortality	RPH -2014 Total Table with Projection MP-2019
Turnover	Rates varying based on unisex age and select and ultimate at 3 years. Rates based the TCRS actuarial assumptions from the 2017 retirement plan valuation report. More detail is shown on Page 14.
Disability	None assumed
Retirement Rates	Detail is shown on Page 14.
Retiree Contributions	No retiree contributions are required.
Salary Scale	3.50%
Data Assumptions	
Coverage	100% of all retirees who currently have healthcare coverage will continue with individual coverage until age 65 and individual Medicare coverage at age 65. 100% of all actives who currently have healthcare coverage will continue with individual coverage upon retirement.

Valuation Methodology and Terminology

We have used GASB accounting methodology to determine the postretirement medical benefit obligations.

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020

(7) OTHER POST EMPLOYMENT

Changes in the Total OPEB Liability

Balance at June 30, 2019	$ 4,077,891
Changes for the year:	
Service cost	107,623
Interest	159,951
Change in assumptions	1,113,135
Benefit payments	(126,116)
Net changes	1,254,593
Balance at 6/30/20	$ 5,332,485
Plan fiduciary net position, end of year	-%

OPEB Expense

Service cost	$ 107,623
Change in assumptions	125,494
Interest	159,494
Total OPEB expense	$ 393,068

Sensitivity of the Total OPEB Liability to Changes in the Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate at June 30, 2020:

	1% Decrease 3.500%	Discount Rate 4.50%	1 % Increase 5.50%
Total OPEB liability	$ 4,423,409	$ 5,332,485	$ 6,530,599

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate at June 30, 2020:

	1% Decrease 1.21%	Healthcare Cost Trend Rate 2.21%	1 % Increase 3.21%
Total OPEB liability	$ 6,326,414	$ 5,332,485	$ 4,538,827

(7) OTHER POST EMPLOYMENT

Deferred Inflows (Outflows)

At June 30, 2020, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

Deferred Outflows of Resources	Deferred Inflows of Resources
$ 987,642	-

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30		
2021	$125,494	-
2022	125,494	
2023	125,494	
2024	125,494	
2025	125,494	
Thereafter	-360,171	

(8) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The district maintains insurance coverage through the Tennessee Municipal League Risk Management, covering each of those risks of loss. The TML Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The District pays a premium receives coverage, and can make claims against the coverage. The District meets the guidelines of TML and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the TML Pool are actuarially projected to provide adequate funding to cover loss reserves and expense as well as building contingency reserves. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three years.

(9) COMMITMENTS AND CONTINGENCIES

Contractual Agreement for Sewer Treatment Services:
The District is under contract with the Metropolitan Government of Nashville and Davidson County, Tennessee (Metro) to provide sewer treatment services for its customers. In August 2011, the District negotiated a twenty year Agreement with Metro regarding the treatment of its sewage which the District believes to be favorable. Under the Agreement the District will pay only for treatment and not transportation of sewage. As of the effective date of the Agreement, October 3, 2011, for each gallon of flow through a Point of Connection (POC) that does not exceed the Maximum Rate applicable to that POC, as defined in the Agreement, the price shall be $1.21 per hundred cubic feet (effective October 1, 2019).

Construction payable:

The District had no in uncompleted construction contracts at June 30, 2020.

(10) NEW ACCOUNTING PRONOUNCEMENT

As of June 30, 2020, the following is a new accounting standard that could impact the District and the projected effective date.

GASB Statement No. 87 – Leases

GASB 87 defines a lease as a contract that conveys control of the right to use another entity's non-financial asset for a period of greater than one year. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for fiscal years beginning after June 15, 2021, or for your fiscal year beginning July 1, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

THE HENDERSONVILLE UTILITY DISTRICT OF
SUMNER COUNTY, TENNESSEE

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS

For the Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019
Total pension liability (asset)						
Service cost	$ 155,329	$ 160,520	$ 164,536	$ 165,875	$ 170,498	$ 173,422
Interest	629,093	655,706	694,430	710,330	753,059	821,532
Changes in benefit terms	-	-	-	-	-	-
Differences between actual & expected experience	(71,144)	69,487	(264,728)	225,860	491,074	8,368
Changes in assumptions	-	-	-	242,651	-	-
Benefit payments, including refunds of employee contributions	(352,661)	(374,576)	(372,243)	(394,913)	(471,856)	(474,353)
Net change in total pension liability (asset)	360,617	511,137	221,995	949,803	942,775	528,969
Total pension liability (asset)-beginning	8,630,897	8,991,514	9,502,651	9,502,651	10,452,454	11,395,229
Total pension liability (asset)-ending (a)	8,991,514	9,502,651	9,724,646	10,452,454	11,395,229	11,924,198
Plan fiduciary net position						
Contributions-employer	323,536	346,380	359,949	381,994	380,132	392,138
Contributions-employee	-	-	-	-	-	-
Net investment income	1,095,124	236,235	209,094	915,133	741,617	713,686
Benefit payments, including refunds of employee contributions	(352,661)	(374,576)	(372,243)	(394,913)	(471,856)	(474,353)
Administrative expense	(2,081)	(2,375)	(3,547)	(4,019)	(4,441)	(4,183)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	1,063,918	205,664	193,253	898,195	645,452	627,288
Plan fiduciary net position-beginning	6,814,828	7,878,746	8,084,410	8,084,410	8,982,605	9,628,057
Plan fiduciary net position-ending (b)	7,878,746	8,084,410	8,277,663	8,982,605	9,628,057	10,255,345
Net Pension Liability (asset)-ending (a) - (b)	1,112,768	1,418,241	1,446,983	1,469,849	1,767,172	1,668,853
Plan fiduciary net position as a percentage of total pension liability	87.62%	85.08%	85.12%	85.94%	84.49%	86.00%
Covered payroll	$ 2,246,826	$ 2,256,548	$ 2,344,943	$ 2,488,555	$ 2,476,428	$ 2,554,648
Net pension liability (asset) as a percentage of covered payroll	49.53%	62.85%	61.71%	59.06%	71.36%	65.33%

Notes to Schedule

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

This is a ten-year schedule, however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUMNER COUNTY, TENNESSEE

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Hendersonville Utility District OPEB Plan

For the Fiscal Year ending June 30

	2018	2019	2020
Total OPEB liability (asset)			
Service cost	$ 103,603	$ 107,623	$ 107,623
Interest	149,515	150,575	159,951
Changes in benefit terms	-	-	-
Differences between actual & expected experience	-	-	-
Changes in assumptions	-	-	1,113,135
Benefit payments, including refunds of employee contributions	(122,198)	(122,198)	(126,116)
Net change in total OPEB liability (asset)	130,920	136,000	1,254,593
Total OPEB liability (asset)-beginning	3,810,972	3,941,892	4,077,892
Total OPEB liability (asset)-ending (a)	3,941,892	4,077,892	5,332,485
Plan fiduciary net position			
Contributions-employer	-	-	-
Contributions-employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Other	-	-	-
Net change in total OPEB liability (asset)	-	-	-
Plan fiduciary net position-beginning	-	-	-
Plan fiduciary net position-ending (b)	-	-	-
Net OPEB Liability (asset)-ending (a) - (b)	3,941,892	4,077,892	5,332,485
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%
Covered payroll	$ 2,354,294	$ 2,354,294	$ 2,381,652
Net OPEB liability (asset) as a percentage of covered payroll	167.43%	173.21%	223.90%

This is a ten-year schedule, however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

THE HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

Schedule of Contributions
Based on Participation in the Public Employee Pension Plan of TCRS

For the Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	$ 323,536	$ 346,380	$ 359,949	$ 381,994	$ 380,132	$ 392,138	$ 437,499
Contributions in relation to the actuarially determined contribution	323,536	346,380	359,949	381,994	380,132	392,138	437,499
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	$ 2,246,826	$ 2,256,548	$ 2,344,943	$ 2,488,560	$ 2,476,428	$ 2,554,648	$ 2,611,122
Contribution as a percentage of covered payroll	14.40%	15.35%	15.35%	15.35%	15.35%	15.35%	16.76%

This is a ten-year schedule, however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

THE HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

Schedule of Contributions
Hendersonville Utility District OPEB Plan

Last Fiscal Year ending June 30

	2018	2019	2020
Actuarially determined contribution	$ 253,118	$ 258,198	$ 264,574
Contributions in relation to the actuarially determined contribution	136,000	136,000	136,000
Contribution deficiency (excess)	117,118	122,198	128,574
Covered payroll	$ 2,354,294	$ 2,354,294	$ 2,381,652
Contribution as a percentage of covered payroll	5.78%	5.78%	5.71%

This is a ten-year schedule, however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule
Based on Participation in the Public Employee Pension Plan of TCRS

Valuation date:	Actuarialy determined contribution rates for 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4%
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for som anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

THE HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

Hendersonville Utility District OPEB Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Acrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Fund Ratio (a/b)	Estimated Annual Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/c
6-30-18	$ -	$ 3,941,892	$ 3,941,892	0.00%	$ 2,354,294	167.43%
6-30-19	$ -	$ 4,077,892	$ 4,077,892	0.00%	$ 2,354,294	173.21%
6-30-20	$ -	$ 5,332,485	$ 5,332,485	0.00%	$ 2,381,652	223.90%

This is a ten-year schedule, however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUPPLEMENTAL SCHEDULES

HENDERSONVILLE UTILITY DISTRICT

Schedule of Debt Service Requirements

	Waterworks and Sewer Revenue Bonds Series - 1995		Waterworks and Sewer Revenue Bonds Series - 2011		Waterworks and Sewer Revenue Bonds Series - 2012		Waterworks and Sewer Revenue Bonds Series - 2013		Water and Sewer Revenue Bonds Series - 2015		Water and Sewer Revenue Bonds Series - 2016		Combined Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 14,323	14,729	100,000	362,625	1,000,000	568,563	300,000	211,544	70,000	299,038	140,000	175,250	1,624,323	1,631,748
2022	15,075	13,977	100,000	359,625	1,075,000	516,687	300,000	205,544	70,000	296,938	145,000	169,650	1,705,075	1,562,421
2023	15,866	13,186	100,000	356,625	1,130,000	467,213	300,000	199,544	80,000	294,838	560,000	163,850	2,185,866	1,495,256
2024	16,699	12,353	500,000	347,625	560,000	433,413	300,000	193,169	80,000	292,438	820,000	152,650	2,276,699	1,431,648
2025	17,575	11,477	500,000	332,625	650,000	409,212	300,000	186,794	80,000	290,038	850,000	136,250	2,397,575	1,366,396
2026	18,497	10,555	500,000	317,625	660,000	383,012	350,000	180,044	80,000	287,638	860,000	119,250	2,468,497	1,298,124
2027	19,467	8,810	500,000	302,625	350,000	364,563	400,000	171,731	585,000	285,238	385,000	102,050	2,239,467	1,235,017
2028	20,489	7,860	500,000	287,000	350,000	354,062	400,000	161,731	920,000	267,688	130,000	94,350	2,320,489	1,172,691
2029	21,564	7,488	500,000	270,750	350,000	343,563	550,000	150,731	620,000	240,088	130,000	91,425	2,171,564	1,104,045
2030	24,640	6,833	500,000	254,188	400,000	332,062	550,000	134,231	640,000	221,488	135,000	88,175	2,249,640	1,036,977
2031	21,942	4,689	500,000	237,000	400,000	318,813	550,000	117,731	660,000	202,288	140,000	84,800	2,271,942	965,320
2032	25,140	3,912	500,000	219,187	500,000	303,062	525,000	101,231	680,000	182,488	140,000	81,300	2,370,140	891,180
2033	26,459	2,593	500,000	200,750	500,000	285,563	600,000	85,481	700,000	162,088	145,000	77,800	2,471,459	814,275
2034	27,847	1,205	500,000	181,375	500,000	268,062	700,000	66,731	720,000	139,338	150,000	73,813	2,597,847	730,523
2035	8,340	81	500,000	161,375	500,000	249,937	775,000	44,856	760,000	115,938	155,000	69,688	2,698,340	641,874
2036	-	-	700,000	137,375	1,000,000	221,813	200,000	20,638	790,000	89,338	160,000	65,038	2,850,000	534,202
2037	-	-	750,000	108,375	1,090,000	182,625	100,000	14,138	820,000	61,688	165,000	60,238	2,925,000	427,064
2038	-	-	750,000	77,813	1,325,000	137,343	100,000	10,888	825,000	30,938	170,000	55,288	3,170,000	312,270
2039	-	-	750,000	46,687	1,425,000	85,781	100,000	7,638	-	-	175,000	50,188	2,450,000	190,294
2040	-	-	750,000	15,564	1,575,000	29,533	135,000	4,368	-	-	180,000	44,938	2,640,000	94,403
2041	-	-	-	-	-	-	-	-	-	-	185,000	39,538	185,000	39,538
2042	-	-	-	-	-	-	-	-	-	-	190,000	33,525	190,000	33,525
2043	-	-	-	-	-	-	-	-	-	-	195,000	27,350	195,000	27,350
2044	-	-	-	-	-	-	-	-	-	-	200,000	21,013	200,000	21,013
2045	-	-	-	-	-	-	-	-	-	-	210,000	15,053	210,000	15,053
2046	-	-	-	-	-	-	-	-	-	-	220,000	7,425	220,000	7,425
	$ 293,922	119,747	10,000,000	4,576,814	15,340,000	6,254,882	7,535,000	2,268,763	9,180,000	3,759,525	6,935,000	2,099,895	49,283,922	19,079,632

HENDERSONVILLE UTILITY DISTRICT
OF SUMNER COUNTY, TENNESSEE

Schedule of Utility Rate Structure, Fees and Other Information (Unaudited)

June 30, 2020

Water Rates - Effective 2-1-19

Gallons	
0-2,000	$ 11.14 (minimum bill)
All over 2,000 gallons	$ 4.36 per 1,000 gallons

Notes

Minimum bill will be $15.00 per month for 1" and larger irrigation and sprinkler meters with no usage.

Meters over 2" dedicated solely for fire protection shall be assessed a minimum bill of $150.00 per month.

All meters over 2" will be charged a monthly testing and calibration fee of $20.00.

Sewer Rates - Effective 7-1-14

Gallons	
0-2,000	$ 13.66 (minimum bill)
All over 2,000 gallons	$ 5.88 per 1,000 gallons

White House Utility District water customers that are served by the Hendersonville Utility District for sewer service rates will be as follows

Gallons	
0-2,000	$16.39 (minimum bill)
All over 1,000 gallons	$ 7.25 per 1,000 gallons

There will be a Metro Water Services treatment charge (user fee) of $3.20 per 1,000 gallons of sewer used. The treatment charge may be adjusted on an annual basis.

Tap Fees

Water System Tap Fees

Meter Size:	Connection Charge
5/8" x 3/4"	$ 1,200.00
1"	$ 1,400.00
2"	$ 1,600.00
4"	$ 1,800.00

Irrigation Water System Tap Fees

Meter Size:	Connection/Service Charge
5/8" x 3/4"	$ 1,350.00
1"	$ 1,500.00
2"	$ 1,850.00

Fire Protection Tap Fees

Meter Size:	Connection Charge
6"	$ 2,000.00
8"	$ 2,500.00
10"	$ 3,500.00
12"	$ 5,000.00

Sewer System Tap Fees

Meter Size:	Gravity Connection	Grinder Pump Connection
Single Family	$ 2,400.00	$ 10,000.00
Duplex	$ 2,800.00	$ 12,000.00
Triplex	$ 3,000.00	$ 12,000.00
Quad	$ 3,200.00	$ 12,000.00
Apartment	$ 1,600.00	N/A
Mobile home	$ 2,400.00	$ 10,000.00

Note Condominiums and Townhouses are considered sngle family tap. All multifamily developments, except duplexes, will be master mete
Additional charges may apply on grinder pumps for force main over 100 feet.

Public Buildings, Commercial Buildings, and Industrial Buidings

Special tap fees apply for Public Buildings, Commercial Buildings, and Industrial Buidings, contact the District for applicable rates.

Other Fees

The District charges various other fees including capacity fees for new developments, inspection fees, plat review fees and various other fees, contact the District for applicable rates.

Other Information

Customers:

At June 30, 2020 the District provided service to approximately 15,206 water customers.

AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0

? Click to access definition
+ Click to add a comment

Water Audit Report for: Hendersonville Utility District (0000294)
Reporting Year: 2020 7/2020 - 6/2020

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

<----------- Enter grading in column 'E' and 'J' ---------->

WATER SUPPLIED

Master Meter and Supply Error Adjustments

	Grade	Value	Unit	Grade	Pcnt:		Value:	
Volume from own sources:	10	1,603.363	MG/Yr	10		● ○		MG/Yr
Water imported:	n/a	0.000	MG/Yr			● ○		MG/Yr
Water exported:	10	0.000	MG/Yr			● ○		MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 1,603.363 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

	Grade	Value	Unit	Pcnt:		Value:	
Billed metered:	10	1,229.778	MG/Yr				
Billed unmetered:	10	0.000	MG/Yr				
Unbilled metered:	10	26.008	MG/Yr				
Unbilled unmetered:		20.042	MG/Yr	1.25%	● ○		MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION: 1,275.828 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 327.535 MG/Yr

Apparent Losses

	Grade	Value	Unit	Pcnt:		Value:	
Unauthorized consumption:		4.008	MG/Yr	0.25%	● ○		MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

	Grade	Value	Unit	Pcnt:		Value:	
Customer metering inaccuracies:	10	1.257	MG/Yr	0.10%	● ○		MG/Yr
Systematic data handling errors:		3.074	MG/Yr	0.25%	● ○		MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: 8.340 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 319.195 MG/Yr

WATER LOSSES: 327.535 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 373.585 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

	Grade	Value	Unit
Length of mains:	10	256.0	miles
Number of active AND inactive service connections:	10	16,612	
Service connection density:		65	conn./mile main

Are customer meters typically located at the curbstop or property line? Yes

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: 10 65.0 psi

COST DATA

	Grade	Value	Unit
Total annual cost of operating water system:	10	$6,197,053	$/Year
Customer retail unit cost (applied to Apparent Losses):	10	$4.36	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	10	$1,139.96	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 94 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unauthorized consumption
2: Systematic data handling errors
3: Unbilled unmetered

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0

Water Audit Report for: **Hendersonville Utility District (0000294)**
Reporting Year: **2020** **7/2020 - 6/2020**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 94 out of 100 *****

System Attributes:

Apparent Losses:	8.340	MG/Yr
+ Real Losses:	319.195	MG/Yr
= **Water Losses:**	**327.535**	MG/Yr
? Unavoidable Annual Real Losses (UARL):	91.98	MG/Yr
Annual cost of Apparent Losses:	$36,362	
Annual cost of Real Losses:	$363,870	Valued at **Variable Production Cost** Return to Reporting Worksheet to change this assumpiton

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	23.3%	
	Non-revenue water as percent by cost of operating system:	7.3%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	1.38	gallons/connection/day
	Real Losses per service connection per day:	52.64	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per psi pressure:	0.81	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	319.20	million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.47	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

HENDERSONVILLE UTILITY DISTRIC
OF SUMNER COUNTY, TENNESSEE

Schedule of Principle Officials of the District

June 30, 2020

Governing Body:

Name	Office	Term Expires
W.C. Boyers	President	May 1, 2021
J.W. McMurray	Secretary	May 1, 2022
Ronald E. Flowers	Treasurer	May 1, 2024

District Management:

Name	Position
Joe Rewa	General Manager

HENDERSONVILLE UTILITY DISTRICT

Schedule Of Changes In Long-Term Debt By Individual Issue

June 30, 2020

Description Of Indebtedness	Original Amount Of Issue	Interest Rate	Date Of Issue	Last Maturity Date	Outstanding 6-30-19	Issued During Period	Paid And/Or Matured During Period	Refunded During Period	Outstanding 6-30-20
Business-Type Activities									
BONDS PAYABLE									
Payable Through Enterprise Fund									
Waterworks and Sewer Revenue Bonds, Series 1995	$ 485,000	5.125 %	4-1-35	4-1-35	$ 307,532	-	13,610	-	293,922
Water and Sewer Revenue and Refunding Bonds, Series 2011	10,000,000	3.2 to 4.15	8-1-39	8-1-39	10,000,000	-	-	-	10,000,000
Water and Sewer Revenue Bonds, Series 2012	21,000,000	2.5 to 5.0	8-1-39	8-1-39	16,205,000	-	865,000	-	15,340,000
Waterworks and Sewer Revenue Bonds, Series 2013	8,585,000	1.0 to 3.25	8-1-40	8-1-40	7,685,000	-	150,000	-	7,535,000
Waterworks and Sewer Revenue and Refunding Bonds, Series 2014	5,205,000	2.5 to 4.5	2-1-23	2-1-23	1,430,000	-	1,430,000	-	-
Water and Sewer Revenue and Refunding Bonds, Series 2015	9,525,000	3.0 to 3.75	6-30-38	6-30-38	9,250,000	-	70,000	-	9,180,000
Waterworks and Sewer Revenue and Refunding Bonds, Series 2016	7,250,000	2.0 to 4.0	6-30-46	6-30-46	7,065,000	-	130,000	-	6,935,000
Total Bonds Payable					$ 51,942,532	-	2,658,610	-	49,283,922

THE HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

Schedule of Operating Expenses

Years ended June 30, 2020 and 2019

		2020	2019
Water distribution:			
Salaries and benefits	$	482,695	444,317
Chemicals		1,021	4,818
Maintenance and supplies		815,358	832,792
Supplies		34,665	48,799
Utilities		64,206	63,492
Vehicle expense		19,003	18,055
Miscellaneous		20,642	18,493
		1,437,590	1,430,766
Sewer distribution:			
Sewer user fee		3,613,036	4,196,941
Salaries and benefits		665,590	666,480
Chemicals		331,454	312,721
Maintenance and supplies		192,678	245,123
Supplies		50,071	36,092
Utilities		532,059	536,179
Vehicle expense		26,414	19,349
Insurance		-	3,250
Miscellaneous		24,872	24,795
		5,436,174	6,040,930
Operating expenses, carried forward		6,873,764	7,471,696

THE HENDERSONVILLE UTILITY DISTRICT OF SUMNER COUNTY, TENNESSEE

Schedule of Operating Expenses

Years ended June 30, 2020 and 2019

		2020	2019
Water plant			
Salaries and benefits	$	988,083	875,963
Chemicals		214,279	238,459
Maintenance and supplies		193,283	195,658
Supplies		24,647	26,896
Utilities		353,217	358,492
Vehicle expense		2,459	3,620
Legal & professional		-	3,950
Miscellaneous		15,916	11,894
		1,791,884	1,714,932
Administrative:			
Salaries and benefits		1,897,654	1,644,050
Maintenance amd Supplies		290,507	318,204
Supplies		26,961	34,585
Insurance		168,520	167,116
Legal and accounting		41,951	36,733
Utilities		28,127	28,754
Vehicle expense		14,734	16,646
Payroll tax		227,463	191,425
Fees and credit card expense		190,211	122,528
Miscellaneous		128,365	232,014
		3,014,493	2,792,055
Maintenance:			
Salaries and benefits		41,596	26,582
Chemicals		2,650	1,776
Maintenance and supplies		351,143	324,722
Supplies		176,388	169,881
Utilities		3,779	6,256
Vehicle expense		16,521	16,148
Miscellaneous		71,397	60,717
		663,474	606,082
Depreciation		5,291,082	5,138,561
Total operating expenses	$	17,634,697	17,723,326

OTHER REPORTS AND SCHEDULES

YEARY, HOWELL & ASSOCIATES
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
The Hendersonville Utility District of Sumner County, Tennessee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hendersonville Utility District of Sumner County, Tennessee (the District) , which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 14, 2020

THE HENDERSONVILLE UTILITY DISTRICT

Schedule of Disposition of Prior Year Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2020

Financial Statement Findings

Finding Number	Finding Title	Finding Status
	None	

Schedule of Expenditure of Federal Awards

There were no prior year findings in the Schedule of Expenditure of Federal Awards.