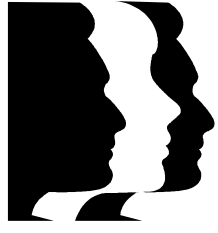


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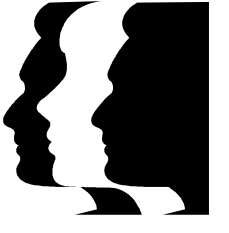


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McKenzie defaults on county note

Steve A. "Toby" McKenzie, has the following debts past due with Bradley County as of June 1, 2008

By Tonya Sprague
Managing Editor

Local businessman, Steve A. "Toby" McKenzie has for the last decade been a major charitable contributor to the Cleveland - Bradley County community, but because of a recent disclosure of financial instability and a pending lawsuit, questions are now being asked if he

will honor promissory notes made for public projects.

McKenzie Development LLC, owned by McKenzie filed for Chapter 11 bankruptcy protection early last month. According to court documents, the company owes 49 creditors between \$1 million and \$10 million. Also, in early July this year, Community Trust and Banking Co. of Oolte-

wah sued Toby McKenzie and business associate, Lynn Jones of Lynn Jones Enterprises for \$6.5 million for defaulting on a loan that was due on May 1, 2008. Principal, interest, late charges, and an appraisal fee are also due according to the complaint. McKenzie also has outstanding debts with Bradley County, the City of Cleveland and other East Ten-

nessee communities.

After last month's County Commission meeting on July 21, *The People News* asked Bradley County Mayor, D. Gary Davis if Toby McKenzie's general obligation bonds to the county were in default. Davis said that McKenzie didn't have any bonds, but instead, "several occasions over the years where he has borrowed money for schools and certain amounts of them he signed a promissory note to make an annual contribution for 'X' number of dollars and as of now they are all current. They are promissory notes to make contributions. It has nothing to do with bonds."

Mayor Davis explained, "We had some debt where we did a ball field or a school building, a baseball field at Bradley, a football field at Ocoee Middle, a field house at Lake Forest, three or four projects like that, that were added into the county's bonds at those times. McKenzie agreed to make an annual contribution equal to the bond payment of those particular items. It's our debt, but he did promise to make an annual contribution to cover it and they're current right now. They were made in 2007. 2008 is not due yet."

A week later, this newspaper asked Mayor Davis if he was aware of Toby McKenzie filing for Chapter 11 bankruptcy and again about whether McKenzie has

debts in default with Bradley County. Davis said that he had heard about the bankruptcy and that he wasn't sure about any



Steve A. "Toby" McKenzie

debts, saying, "That is a legal question for the county attorney or the county accountant."

Accountant Lynn Burns, who works for the Mayor's office, was asked for details of the annual contributions promised to Bradley County and their current status. She said, Steve A. "Toby" McKenzie personally, not McKenzie Development LLC, has the following debts past due with Bradley County as of June 1, 2008:

- A payment due in the amount of \$132,667.68 for the Bradley Central High School wrestling facility, originally \$1 million with a 5.5% interest rate for 10 years.

- A payment due in the amount of \$62,264.62 for the Ocoee Middle School football field and equip-

ment field house at Bradley Central High School, originally \$500K with a 4% interest rate for 10 years.

- A payment due in the amount of \$99,876.92 for the athletic field house at Lake Forest Middle School, originally \$800K with a 4% interest rate for 10 years.

- A baseball complex at Bradley Central High School, originally \$500K with a 3.34% interest rate for 10 years is not due until this November.

The total amount of "annual contributions" past due with Bradley County as of June 1, 2008 totals \$294,809.22. At time of going to press, the total payoff for the above debts was \$2,189,225.78.

Amy McCaulley, accountant for the City of Cleveland, said, McKenzie also has a commitment due to the City of Cleveland related to the Cleveland Middle School athletic facility for approximately \$225,000.

At least some of these extra school facilities would not have been constructed if McKenzie had not agreed to pay for them. The county was already heavily in debt for school construction projects at that time, and requests from the Bradley County Board of Education for extra money for these projects had already been declined.

Repeated attempts by *The People News* to contact McKenzie for comment were unsuccessful.



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