TENNESSEE LOCAL DEVELOPMENT AUTHORITY
APRIL 6, 2017
AGENDA

- Call Meeting to Order

- Approval of Minutes from the TLDA meeting of March 21, 2017

- Consider for approval the following CWSRF loans:

Oak Ridge CG4 2017-356	$1,860,000	$140,000	$2,000,000	1.89%
Paris CW5 2017 -381	$1,275,000	$225,000	$1,500,000	1.48%
Paris SRF 2017-382	$3,600,000	$ -	$3,600,000	1.48%

- Consider for approval the following DWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Parsons DG6 2017-185	$ 800,000	$200,000	$1,000,000	0.94%
Parsons DWF 2017-191	$1,250,000	$ -	$1,250,000	0.94%

- Consideration for approval of a recommendation made by the Department of Environment and Conservation for the suballocation of Qualified Energy Bonds (QECBs) to the City of Paris in response to the Request for Proposal for qualified uses of these bonds, contingent upon the City's approval of its authorizing resolution

- Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
March 21, 2017

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Tuesday, March 21, 2017, at 2:15 p.m. in the State Capitol, room G3, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

> The Honorable Justin Wilson, Comptroller of the Treasury
> Brian Derrick, Proxy for the Honorable David Lillard, State Treasurer
> Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted in the meeting notice:

> Mr. Pat Wolfe, Senate Appointee

The following members were absent:

> The Honorable Bill Haslam, Governor
> Dr. Kenneth Moore, House Appointee

Recognizing a physical quorum present, Mr. Hargett called the meeting to order and asked Mr. Mark Graubner, Program Accounting Analyst in the Office of State and Local Finance ("OSLF") to call the roll:

> Mr. Hargett—Present
> Mr. Derrick— Present
> Ms. Scott— Present
> Mr. Wolfe— Present
> Mr. Wilson— Present

Mr. Hargett asked for a motion to approve the minutes of the February 10, 2017, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Ms. Scott seconded the motion. Mr. Graubner called the roll:

> Mr. Hargett—Yes
> Mr. Derrick—Yes
> Ms. Scott—Yes
> Mr. Wolfe—Yes
> Mr. Wilson—Yes

The minutes were unanimously approved.

Mr. Hargett asked Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation ("TDEC") State Revolving Fund ("SRF") program to present the unobligated balance report for the Clean Water SRF and the Clean Water SRF loan requests. Mr. Smith introduced Ms. Felicia Freeman, Senior Engineer with TDEC and stated she would present the report and the requests. Ms. Freeman first presented the unobligated fund balance report. She stated that the balance was $161,981,714 as of November 29, 2016, and since that time the balance had increased a total of $12,494,358 due to reductions to previous loans approved. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to $163,076,072.

Mr. Wilson asked what the demand was for the $163 million in unobligated funds. Mr. Smith stated that TDEC was working with several potential borrowers with projects to which the remaining unobligated balance could be committed. Mr. Hargett asked what the time frame on committing the balance was. Mr. Smith stated that TDEC was currently working with a few cities, including Franklin, Memphis, and Chattanooga, each with large project requests that ranged from approximately $50 to $100 million. Mr. Smith stated that TDEC was working with several other potential borrowers with smaller project requests as well. Mr. Wilson asked if the amount requested in the governor's budget for state dollars was sufficient to meet the federal matching requirements. Mr. Smith stated that TDEC had requested to increase its state appropriations in the governor's budget. Mr. Smith stated that the amount of Tennessee's federal grant allotment was uncertain at this time, but that the state appropriations requested of $5.7 million would provide the match for nearly $30 million in federal grants.

Mr. Hargett asked Ms. Freeman to present the loan requests for Clean Water SRF:

- Trenton (CW4 2017-386)—Requesting $3,876,158 ($3,604,827 (93%) loan; $271,331 (7%) principal forgiveness) for wastewater treatment plant ("WWTP") upgrades (construction of a 1.6 million gallons per day ("MGD") sequencing batch reactor ("SBR"), mechanical bar screen with grit removal and chlorine contact tank, and the conversion of the existing lagoons to aerobic sludge digesters) and Inflow/Infiltration ("I/I") correction (rehabilitation of collection system to include flow monitoring, smoke testing, and closed circuit television systems ("CCTVing"); rehabilitating the sewer lines by methods of pipe bursting, cured-in-place piping and/or replacement, and renovating the pump stations; recommended interest rate of 0.70% based on the Ability to Pay Index (ATPI).
- Trenton (SRF 2017-392)—Requesting $6,123,842 for WWTP upgrades (construction of a 1.6 MGD SBR, mechanical bar screen with grit removal and chlorine contact tank, and the conversion of the existing lagoons to aerobic sludge digesters) and I/I correction (rehabilitation of collection system to include flow monitoring, smoke testing, and CCTVing; rehabilitating the sewer lines by methods of pipe bursting, cured-in-place piping and/or replacement, and renovating the pump stations; recommended interest rate of 0.70% based on the ATPI.
- Jackson Energy Authority (CW4 2017-386)—Requesting $1,400,000 for improvements to the Miller Avenue WWTP; recommended interest rate of 1.55% based on ATPI.

  Mr. Smith stated that the Jackson Energy request would provide additional funding for a previously approved project loan, necessitated by bid-overruns.

Mr. Wilson made a motion to approve the loans, and Ms. Scott seconded the motion. Mr. Graubner called the roll:

Mr. Hargett—Yes
Mr. Derrick—Yes
Mrs. Scott—Yes
Mr. Wolfe—Yes
Mr. Wilson—Yes

The motion was unanimously approved.

Mr. Hargett then asked Ms. Freeman to present the unobligated balance report for the Drinking Water SRF and the Drinking Water SRF loan requests. Ms. Freeman first presented the unobligated fund balance report. She stated that the balance was $47,744,186 as of February 10, 2017, and since that time the balance had increased by $155,288 due to reductions to previous loans approved. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to $45,025,114.

Mr. Wilson asked if there was demand for the approximately $45 million in unobligated funds. Mr. Smith stated that there was demand, but, in general, requests for loans from the Drinking Water SRF tended to be much smaller dollar amounts than the requests for loans from the Clean Water SRF. However, Mr. Smith stated that there were a few potential Drinking Water borrowers who had larger project loan requests, the largest of which was Oak Ridge who had applied for about $40 million. Mr. Wilson asked if the amount requested in the governor's budget for state dollars was sufficient to meet the federal matching requirements. Mr. Smith explained that the state appropriations request he had previously described would be available to match both Clean Water and Drinking Water federal grants.

Mr. Hargett asked if there were any other questions from the members, and hearing none, he asked Ms. Freeman to present the Drinking Water SRF loan requests. Ms. Freeman described the requests:

- Big Creek UD (DW2 2017-188)—Requesting $299,235 ($239,388 (80%) loan; $59,847 (20%) principal forgiveness) for a new clear well and back wash pump station; recommended interest rate of 0.08% based on the ATPI.
- Big Creek UD (DWF 2017-189)—Requesting $200,765 for a new clear well and back wash pump station; recommended interest rate of 0.08% based on the ATPI.
- Brighton (DG3 2016-180)—Requesting $374,360 ($74,872 (20%) loan; $299,488 (80%) principal forgiveness) for "green" water meter replacements (replace approximately 1,400, meters with automatic meter readers; recommended interest rate of 0.58% based on the ATPI.
- Erwin (DG5 2017-186)—Requesting $1,500,000 ($1,125,000 (75%) loan; $375,000 (25%) principal forgiveness) for "green" distribution system improvements (install advanced metering infrastructure ("AMI") meters and replace old/undersized waterlines); recommended interest rate of 1.24% based on the ATPI.
- Erwin (DWF 2017-187)—Requesting $500,000 for "green" distribution system improvements – (Install AMI meters and replace old/undersized waterlines; recommended interest rate of 1.24% based on the ATPI.

Mr. Hargett asked Mr. Smith to explain why certain projects are split into two loan requests. Mr. Smith stated that in some instances, a small portion of a federal grant allotment was available to fund loan requests. So, TDEC would recommend one loan request to use the remaining grant allotment. The second loan request would be recommended using fund dollars to provide for the remainder of the funds requested by the applicant (without principal forgiveness).

Mr. Hargett stated that a memo regarding the loan request for the city of Brighton (the "City") was included in the materials provided to the Authority members prior to the meeting, but he asked Mr. Smith to briefly explain why TDEC was recommending that the City would receive 80% principal forgiveness. Mr. Smith stated that the Environmental Protection Agency ("EPA") was encouraging TDEC to spend its remaining federal grant allotment quickly. Mr. Smith reminded the members that in the Drinking Water program, TDEC received a set-aside from the federal grant for administrative expenses, and explained that the remaining grant dollars were a part of this set-aside. In an effort to spend the remaining amount quickly, TDEC asked the EPA if the set-aside funds could be utilized to provide funding for a loan. The EPA confirmed that this was an allowable use of the remaining set-aside funds. Mr. Smith stated that TDEC had already been working with the City on its loan request, but that the City was going to decline the funding because they could not sustain a rate increase large enough to be able to afford the loan. Mr. Smith stated that the City's loan request was approximately the same amount as the available set-aside funds. This similarity, coupled with the fact that the project was both much needed and was an energy-saving "green" project, along with the opportunity it offered to help a less affluent community, led TDEC to recommend funding the request with a 20% loan and 80% principal forgiveness. Mr. Smith stated that even with the principal forgiveness at this level, the City was required to raise its rates 10% in order to demonstrate its ability to repay the loan. (The City is currently under the oversight of the Water and Wastewater Financing Board for financial distress, as was noted in the members' meeting materials.)

Mr. Hargett made a motion to approve the loans, and Mr. Wilson seconded the motion. Mr. Graubner called the roll:

Mr. Hargett—Yes
Mr. Derrick—Yes
Mrs. Scott—Yes
Mr. Wolfe—Yes
Mr. Wilson—Yes

The motion was unanimously approved.

Mr. Hargett stated that the next item was consideration of two requests from the Tullahoma Utilities Authority ("TUA"):

- A request to assume the city of Tullahoma's State Revolving Fund Loan obligation (CW0 12-297)
- A request to issue Water and Sewer Revenue Bonds in an amount not to exceed $1,700,000 subordinate to its SRF Loan (CW0 12-197)

Mr. Hargett asked Ms. Sandra Thompson, Director of OSLF, to describe the requests.

Ms. Thompson stated that the request from the TUA to assume the city of Tullahoma's State Revolving Fund Loan obligation (CW0 12-297) had been reviewed by OSLF, and she said that TUA appeared to be in compliance with the SRF Policy and Guidance for Borrowers. Ms. Thompson stated the following:

- Private Chapter 54 of the Private Acts of 2016 permitted the City of Tullahoma to create Tullahoma Utilities Authority (TUA) – under the Act, TUA would be required to defease, retire, or assume the outstanding debt of the City related to utilities by July 31, 2018
- SRF loan CW0 12-297 was originally approved by the TLDA on March 13, 2012 for $4 million with an additional $1 million in principal forgiveness; the current balance of the loan is $3,579,096
- Tullahoma is current on its loan payments
- TUA passed a resolution on February 23, 2017, pledging revenues and agreeing to levy fees, rates and charges sufficient to pay principal and interest on the loan
- TUA will fund a security deposit of $223,980

Ms. Thompson stated that based on the OSLF analysis, the TUA appears to have the capacity to assume the city of Tullahoma's SRF loan.

Mr. Hargett stated that without objection both requests would be considered at the same time. Hearing none, Ms. Thompson described the second request from the TUA. Ms.

Ms. Thompson stated that the request of the TUA to issue Water and Sewer Revenue Bonds in an amount not to exceed $1,700,000 subordinate to its SRF Loan (CW0 12-197) had also been reviewed by OSLF. She said that TUA appeared to be in compliance with the SRF Policy and Guidance for Borrowers. Ms. Thompson stated the following:

- TUA intends to issue bonds in an amount not to exceed $1.7 million to refund the City's utility revenue debt (as required by the Private Act)
- If TUA's request to assume the SRF loan is approved, they are required under the loan agreement to seek approval from the TLDA to issue additional debt. TUA must:
    - provide the annual audit for the most recent fiscal year
    - demonstrate that they have met the requirement for 1.20X debt service coverage to net revenues for the most recent fiscal year
    - show that the net revenues of the system for the next three fiscal years will be sufficient to provide the 1.20X coverage
- TUA submitted the audited FY 2016 financial statements for Tullahoma Utilities Board
- FY 2017 is first year of operations for TUA, but Tullahoma Utilities Board's debt service coverage to net revenues for FY 2016 was 2.31X
- Based on its forecast of future years net revenues, TUA projects that it will meet the debt service coverage requirement with estimated debt service coverage to net revenues ranging from 3.21X to 4.61X for fiscal years 2017-2020

Ms. Thompson stated that based on the OSLF analysis, the TUA appeared to meet the requirements for the approval to issue the debt subordinate to the SRF loan.

Mr. Hargett made a motion to approve the requests, and Mr. Wilson seconded the motion. Mr. Hargett called for a roll-call vote. Mr. Graubner called the roll:

Mr. Hargett—Yes
Mr. Derrick—Yes
Ms. Scott—Yes
Mr. Wolfe—Yes
Mr. Wilson—Yes

The motion was unanimously approved.

Hearing no other business, Mr. Wilson made a motion to adjourn the meeting, and Mr. Derrick seconded the motion. Mr. Hargett called for a roll-call vote. Mr. Graubner called the roll:

Mr. Hargett—Yes
Mr. Derrick—Yes
Ms. Scott—Yes
Mr. Wolfe—Yes
Mr. Wilson—Yes

The meeting was adjourned.

Approved on this _____ day of __________, 2017.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program
Funds Available for Loan Obligation
April 6, 2017

Unobligated Balance as of March 21, 2017			**$ 163,076,072**
Increases:			
Reduction to previous loans (see note below)		* $ 1,635,781	
			$ 1,635,781
Unobligated Balance as of April 6, 2017			**$ 164,711,853**
Applicants:	**Loan Number**	**Loan Amount**	
Oak Ridge (Subsidized @ $140,000)	CG4 2017-356	$ 2,000,000	
Paris (Subsidized @ $225,000)	CW5 2017-381	$ 1,500,000	
Paris	SRF 2017-382	$ 3,600,000	
			$ 7,100,000
Remaining Funds Available for Loan Obligations			**$ 157,611,853**

* Decrease to Previous Loans	Loan Number	Amount	
Oak Ridge	CW1 2013-324	$ 11,075	
Oak Ridge	SRF 2013-325	$ 1,316,422	
Oak Ridge	SRF 2014-337	$ 308,284	
			$ 1,635,781

FACT SHEET

APRIL 06, 2017

Borrower:	**City of Oak Ridge**
Population:	**29,330**
County:	Anderson & Roane Counties
Consulting Engineer:	**LDA Engineering, LLC**
Project Number:	**CG4 2017-356**
Priority List Ranking/Points:	**41(FY 2016)/30**
Recommended Term:	20 years
Recommended Rate:	(2.67 X 80%)-(0.25%) = 1.89%

Project Description: GREEN – I/I Correction (Rehabilitation of approximately 30,000 LF of sewer line.)

Total Project Cost:	$ 2,000,000
Sources of Funding:	
SRF Loan Principal (93%)	$ 1,860,000
Principal Forgiveness (7%)	$ 140,000
Other Funds	$ -0-

State-Shared Taxes:	$ 4,612,337	
Debt Service:		
Prior Loans: (including SRF)	$ 1,672,465	36.26%
Proposed Loan:	$ 111,754	2.42%
Total:	$ 1,784,219	38.68%

Residential User Charge: (5,000 gal/month)

Current Rate:	$ 55.98

Public Meeting:	February 13, 2017

REPRESENTATION OF THE LOCAL GOVERNMENT AS TO LOANS AND STATE-SHARED TAXES Oak Ridge CG4 2017-356

The Local Government hereby represents that:

(1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is $4,612,337.

(2) (a) The prior SRF loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original $/Amt	Principal Forgiveness	Max: Annual Debt Service
SRF/Sewer	CW1 13-324	$4,000,000	$400,000	$201,579
SRF/Sewer	SRF 13-325	$14,000,000	-	783,917
SRF/Sewer	SRF 14-337	$3,000,000	-	$177,551

(b) The maximum aggregate annual debt service is $1,163,047.

(3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original $/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Water	1.89%	$2,000,000	$140,000	$111,754

(b) The anticipated maximum aggregate annual debt service is $111,754.

(4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original $/Amt	Max. Annual Pledge of State-Shared Taxes
QZAB	2004 Z16	$7,049,360	$440,585
QZAB	2005 Z20	$1,320,500	$68,833

(b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is $509,418.

(5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is $1,784,219

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is $2,828,118.

Duly signed by an authorized representative of the Local Government on this 1st day of March, 2017.

This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Agency.

LOCAL GOVERNMENT

BY: Mark S. Watson

Mark S. Watson, City Manager

FACT SHEET

April 6, 2017

Borrower:	**Paris**
Population:	**10,200**
County:	Henry County
Consulting Engineer:	**Jacobs Engineering Group**
Project Number:	**CW5 2017-381**
Priority List Ranking/Points:	**30, 45, 49 (FY 2015/2016)/30,6.3,30**
Recommended Term:	30 years
Recommended Rate:	(2.89 X 60%)-(0.25%) = 1.48%

Project Description: WWTP Improvements and Collection System Rehabilitation

Total Project Cost:	$ 5,100,000
Sources of Funding:	
SRF Loan Principal (85%)	$ 1,275,000
Principal Forgiveness (15%)	$ 225,000
Other Funds (SRF 2017-382)	$ 3,600,000

State-Shared Taxes:	$ 1,501,253	
Debt Service:		
Prior Loans: (including SRF)	$ 187,523	12.49%
Proposed Loan:	<u>$ 201,335</u>	<u>13.41%</u>
Total:	$ 388,858	25.90%

Residential User Charge: (5,000 gal/month)

Current Rate:	$ 28.75
Proposed Rates	$ 31.50 (Effective Date: July 01, 2017)
	$ 34.00 (Effective Date: July 01, 2018)

Public Meeting:	November 10, 2016

REPRESENTATION OF THE LOCAL GOVERNMENT AS TO LOANS AND STATE-SHARED TAXES
City of Paris
CW5 2017-381

The Local Government hereby represents that:

(1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is $1,501,253

(2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original $/Amt	Principal Forgiveness	Max: Annual Debt Service
SRF/Water	DW4 15-163	$2,500,000	$625,000	$106,413
SRF/Water	DWF 15-164	$950,000	$0	$53,916
SRF/Water	DWF 16-178	$500,000	$0	$27,194

(b) The maximum aggregate annual debt service is $187,523

(3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original $/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Sewer	1.48%	$1,500,000	$225,000	$52,657
SRF/Sewer	1.48%	$3,600,000	$0	$148,678

(b) The anticipated maximum aggregate annual debt service is $201,335.

(4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original $/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

(b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is $0

(5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is $388,858.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is $1,112,395.

Duly signed by an authorized representative of the Local Government on this 28th day of February, 2017.

This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Agency.

LOCAL GOVERNMENT

BY: ______________________

Mr. Carlton Gerrell, Mayor

FACT SHEET

April 6, 2017

Borrower:	**Paris**
Population:	**10,200**
County:	Henry County
Consulting Engineer:	**Jacobs Engineering Group**
Project Number:	**SRF 2017-382**
Priority List Ranking/Points:	**30, 45, 49(FY 2015/2016)/30,6.3,30**
Recommended Term:	30 years
Recommended Rate:	(2.89 X 60%)-(0.25%) = 1.48%

Project Description: WWTP Improvements and Collection System Rehabilitation

Total Project Cost:	$ 5,100,000
Sources of Funding:	
SRF Loan Principal	$ 3,600,000
Other Funds (CW5 2017-381)	$ 1,500,000

State-Shared Taxes:	$ 1,501,253	
Debt Service:		
Prior Loans: (including SRF)	$ 187,523	12.49%
Proposed Loan:	$ 201,335	13.41%
Total:	$ 388,858	25.90%

Residential User Charge: (5,000 gal/month)

Current Rate:	$ 28.75
Proposed Rates	$ 31.50 (Effective Date: July 01, 2017)
	$ 34.00 (Effective Date: July 01, 2018)

Public Meeting: November 10, 2016

REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
City of Paris
SRF 2017-382

The Local Government hereby represents that:

(1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is $1,501,253

(2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original $/Amt	Principal Forgiveness	Max: Annual Debt Service
SRF/Water	DW4 15-163	$2,500,000	$625,000	$106,413
SRF/Water	DWF 15-164	$950,000	$0	$53,916
SRF/Water	DWF 16-178	$500,000	$0	$27,194

(b) The maximum aggregate annual debt service is $187,523

(3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original $/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Sewer	1.48%	$1,500,000	$225,000	$52,657
SRF/Sewer	**1.48%**	**$3,600,000**	**$0**	**$148,678**

(b) The anticipated maximum aggregate annual debt service is $201,335.

(4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original $/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

(b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is $0

(5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is $388,858.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is $1,112,395.

Duly signed by an authorized representative of the Local Government on this 28th day of February, 2017.

This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Agency.

LOCAL GOVERNMENT

BY: ______________________

Mr. Carlton Gerrell, Mayor

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
April 6, 2017

Unobligated Balance as of March 21, 2017				**$ 45,025,114**
Increases:	**Loan Number**		**Loan Amount**	
Loan Decreases (see note below)		*	$ 227,674	$ 227,674
Unobligated Balance as of April 6, 2017				**$ 45,252,788**
Applicants:	**Loan Number**		**Loan Amount**	
Parsons (Subsidized @ $200,000)	DG6 2017-185		$ 1,000,000	
Parsons	DWF 2017-191		$ 1,250,000	
				$ 2,250,000
Remaining Funds Available for Loan Obligations				**$ 43,002,788**

* **Change to previous loans**

Loan Decreases	**Loan Number**	**Amount**
Jellico	DG2 2013-134	$ 227,674
		$ 227,674

FACT SHEET

APRIL 06, 2017

Borrower:	**Parsons**
Population:	**4,075**
County:	Decatur County
Consulting Engineer:	**TLM Associates, Inc.**
Project Number:	**DG6 2017-185**
Priority List Ranking/Points:	**6 (FY 2015)/45**
Recommended Term:	20 years
Recommended Rate:	(2.38 X 50%)-(0.25%) = 0.94%

Project Description: Improvements to the existing Parsons Water Treatment Plant (Additional flocculation and sedimentation basins. Modification of the chlorination process by switching from chlorine gas to liquid chlorine. relocation of the existing motor control center. Sludge dewatering and disposal improvements and new emergency generators at the raw water intake structure, the existing water treatment plant, and at the Perryville Water Storage Tank)

Total Project Cost: $ 2,250,000

Sources of Funding:

SRF Loan Principal (80%)	$ 800,000
Principal Forgiveness (20%)	$ 200,000
Other Funds (DWF 2017-191)	$ 1,250,000

State-Shared Taxes: $ 307,417

Debt Service:

Prior Loans: (including SRF)	$ -0-	0%
Proposed Loan:	$ 112,476	36.59%
Total:	$ 112,476	36.59%

Residential User Charge: (5,000 gal/month)

Current Rate:	$ 30.51

Public Meeting: February 06, 2017

REPRESENTATION OF THE LOCAL GOVERNMENT AS TO LOANS AND STATE-SHARED TAXES
Parsons DG6 2017-185

The Local Government hereby represents that:

(1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is $307,417.

(2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original $/Amt	Max: Annual Debt Service
N/A			

(b) The maximum aggregate annual debt service is $0.

(3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original $/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Water	0.94%	$1,250,000	-	$68,583
SRF/Water	**0.94%**	**$1,000,000**	**$200,000**	**$43,893**

(b) The anticipated maximum aggregate annual debt service is **$112,476.**

(4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original $/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

(b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is $0.

(5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is $112,476.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is $194,941.

Duly signed by an authorized representative of the Local Government on this 9 day of February, 2017.

This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Agency.

LOCAL GOVERNMENT

BY: ______________________

Tim D. Boaz, Mayor

FACT SHEET

APRIL 06, 2017

Borrower:	**Parsons**
Population:	**4,075**
County:	Decatur County
Consulting Engineer:	**TLM Associates, Inc.**
Project Number:	**DWF 2017-191**
Priority List Ranking/Points:	**6 (FY 2015)/45**
Recommended Term:	20 years
Recommended Rate:	(2.38 X 50%)-(0.25%) = 0.94%

Project Description: Improvements to the existing Parsons Water Treatment Plant (Additional flocculation and sedimentation basins. Modification of the chlorination process by switching from chlorine gas to liquid chlorine. relocation of the existing motor control center. Sludge dewatering and disposal improvements and new emergency generators at the raw water intake structure, the existing water treatment plant, and at the Perryville Water Storage Tank)

Total Project Cost: $ 2,250,000

Sources of Funding:

SRF Loan Principal	$ 1,250,000
Other Funds (DG6 2017-185)	$ 1,000,000

State-Shared Taxes: $ 307,417

Debt Service:

Prior Loans: (including SRF)	$ -0-	0%
Proposed Loan:	$ 112,476	36.59%
Total:	$ 112,476	36.59%

Residential User Charge: (5,000 gal/month)

Current Rate: $ 30.51

Public Meeting: February 06, 2017

REPRESENTATION OF THE LOCAL GOVERNMENT AS TO LOANS AND STATE-SHARED TAXES Parsons DWF 2017-191

The Local Government hereby represents that:

(1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is $307,417.

(2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original $/Amt	Max: Annual Debt Service
N/A			

(b) The maximum aggregate annual debt service is $0.

(3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original $/Amt	Principal Forgiveness	Anticipated Max. Annual Debt Service
SRF/Water	**0.94%**	**$1,250,000**	**-**	**$68,583**
SRF/Water	0.94%	$1,000,000	$200,000	$43,893

(b) The anticipated maximum aggregate annual debt service is $112,476.

(4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

Type of Obligation	Identifying #	Original $/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

(b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is $0.

(5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is $112,476.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is $194,941.

Duly signed by an authorized representative of the Local Government on this 17 day of February, 2017.

This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Agency.

LOCAL GOVERNMENT

BY: ______________________

Tim D. Boaz, Mayor

QECB Update – Total State Allocation
March 2017

Total State Allocation	**64,676,000**		
Allocation for Large Local Jurisdictions			35,998,072
Allocation to State			28,677,928
		Utilized/Retained	**Reallocated**
Allocation for Large Local Jurisdictions	**35,998,072**		
Chattanooga[1]		1,767,919	
Clarksville[3]		1,240,000	
Hamilton County[4]		1,668,015	
Memphis[2]		7,014,356	
Metro Nashville/Davidson County[5]		6,441,971	
Other LLJs' Reallocations to State			17,865,811
		18,132,261	17,865,811
Amount Available for Suballocation / RFP (State Allocation plus Reallocations)			**46,543,739**
Closed Issuances			
Memphis[2]			3,657,644
Knox County[6]			12,450,000
City of Lebanon[7]			3,500,000
Proposals			
City of Paris			2,532,500
Total Allocation Remaining			**24,403,595**

[1]Chattanooga is currently evaluating projects for which it will use QECBs.

[2]Memphis combined its initial $7,014,356 QECB allocation and its RFP suballocation of $3,657,644 to support energy improvement projects under its Green Communities Program. Bond issuance closed for one project, Sears Crosstown ($8,316,000), on February 18, 2015. Bond issuance for two other projects, Universal Life Insurance Building / Self Tucker ($2,015,300) and Knowledge Quest ($340,700), closed on April 29, 2015.

[3]Clarksville issued an RFP for a street light improvement project. Bond issuance closed for this project ($1,240,000) on March 23, 2016.

[4]Hamilton County has not yet identified a project for which they will use QECBs.

[5]Metropolitan Nashville issued its QECB allocation ($6,440,000) in August 2012 for energy improvements to its arena.

[6]The bond issuance for Knox County's suballocation project ($12,450,000), which funded the installation of solar PV on 13 targeted sites across the county, closed on June 30, 2015.

[7] The bond issuance for Lebanon's suballocation project ($3,500,000), which funded the installation of a waste-to-energy gasification unit, closed on April 24, 2015.

TLDA Staff Meeting March 29, 2017

QECB Summary: RFP #3

Proposer:	City of Paris
Project:	City of Paris Energy Conservation Program
Amount:	$2,532,500
Proposed Date of Issuance:	May-June, 2017 (180 days from April 6 is October 3, 2017)
Bond Counsel:	Bass, Berry & Sims PLC

The City of Paris is proposing to use the proceeds from a $2,532,500 bond issuance for an energy savings performance contract with Trane (serving as the Energy Performance Contractor), to upgrade energy consuming systems through guaranteed energy savings. The proposed project will include an upgrade of street lights to LED lighting technology, conversion of lighting within select City-owned buildings to LED lighting technology, the addition of intelligent thermostats on HVAC systems, the addition of energy-saving vending machine controls, and an upgrade to the Civic Center's indoor pool dehumidifier.

Issuance will take place in May or June of 2017.

CITY OF PARIS, TENNESSEE

QUALIFIED ENERGY CONSERVATION BOND PROPOSAL

Submitted To:

Office of Energy Programs
Tennessee Department of Environment and Conservation

March 24, 2017

CITY OF PARIS, TENNESSEE
QUALIFIED ENERGY CONSERVATION BOND PROPOSAL

TABLE OF CONTENTS

CITY OF PARIS, TENNESSEE
QUALIFIED ENERGY CONSERVATION BOND PROPOSAL

1. Project Summary

Provide a brief overview of the Project (defined herein). If Proposer was designated as an LLJ under the QECB Program, please provide information relative to progress made with the initial QECB allocation. If Proposer re-allocated its share to the State, please address the decision not to utilize the initial QECB allocation. Proposers should also provide information on how Project results and impacts will be collected and reported to OEP after the completion of the Project.

The City of Paris (the "City") will be working with Trane (the "Energy Performance Contractor" or "EPC") on a performance based contract (the "Contract") to upgrade and modernize energy consuming systems through guaranteed energy savings. Energy street lights to LED lighting technology; conversion of select City owned buildings to LED lighting technology; the addition of intelligent thermostats on HVAC systems; the addition of vending machine controls (VendingMisers); and an upgrade to the Civic Center's indoor pool dehumidifier. The LED lighting upgrade (street lights and buildings) will provide both energy and operational savings in addition to improving the quality of light produced. The City believes that all of these measures will generate long term sustainable energy and operational savings to the City, while providing a positive impact on the community (collectively, the "Project").

Project results and impacts will be collected and reported to the Office of Energy Programs ("OEP") by the EPC in conjunction with the City.

The City was <u>not</u> designated as a large local jurisdiction ("LLJ") under the QECB Program nor did it return any allocated share to the State of Tennessee.

2. General Information

a. Local Government or Private Entity: **City of Paris, Tennessee**

b. Issuing Entity: **City of Paris, Tennessee**

c. Name of or Purpose of Project: **City of Paris Energy Conservation Program**

d. Location of Project: **City of Paris, Tennessee (public streets and buildings)**

e. Amount of Qualified Energy Conservation Bond sought: **$2,532,500.00**

f. Type of Bonds requested:
   - Government Use Amount: **$2,532,500.00**[1] Percentage: **100%**

[1] This is the estimated size of the QECB obligations As noted herein, there will be a second series of bonds which will fund excess costs of issuance not permitted under the QECB program due to regulatory limitations of 2% of the net par amount of QECB obligations The size of the second series of non-QECB eligible bonds is estimated to be not more than about $40,000.00*

- Private Activity Amount: **n/a** Percentage: **n/a**
  (Private Activity cannot exceed 30% of the total amount requested.)

- General Obligation Bonds or Revenue Bonds: **General Obligation Bonds**

g. Proposed date or date range of bond issuance: **May - June, 2017**

h. Anticipated Bond Rating (if public offering):

Rating Agency	Rating	Date Rating Anticipated
Fitch	n/a	n/a
Moody's	n/a	n/a
Standard & Poor's	"A+" (Expected)	May - June 2017
Other	n/a	n/a

i. Name, address, phone number, and tax ID number of the proposed issuer and, if private activity, private borrower or developer, as applicable:

City of Paris, Tennessee
Attention: Ms. Kim Foster, City Manager
City Hall
100 North Caldwell
P.O. Box 970
Paris, Tennessee 38242-0970
Phone: 737-641-1402
Tax Identification Number: 62-6000391

Please indicate the applicable general category for your Project, as well as the specific category. Qualified Energy Conservation Bonds can be used for the following purposes, as defined by Internal Revenue Code 54D:

- Capital expenditures incurred for the purposes of:

  - Reducing energy consumption in publicly-owned buildings by at least 20 percent
  - ✓ **Implementing green community programs**
  - Rural development involving renewable energy

- Expenditures with respect to research facilities and research grants, to support research in:

  - Development of cellulosic ethanol or other non-fossil fuels
  - Technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels
  - Increasing the efficiency of existing technologies for producing non-fossil fuels

- Automotive battery technologies and other technologies to reduce fossil fuel consumption in transportation
- Technologies to reduce energy use in buildings

- Mass commuting facilities and related facilities that reduce the consumption of energy:
  - Reduce pollution from vehicles used for mass commuting

- Demonstration projects designed to promote the commercialization of:
  - Green building technology
  - Conversion of agricultural waste for use in production of fuel or otherwise
  - Advanced battery manufacturing technologies
  - Technologies to reduce peak use of electricity
  - Technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity

3. Project Information

Provide detailed information on the proposed project according to the descriptions below. Proposers shall attach a brief narrative (up to one page) for each section to this proposal. Please use a separate page for each of the four criteria. OEP expects to receive more proposals for funding than for which funding exists. It should be understood that this process is competitive and those projects deemed to offer superior benefits to Tennessee will be selected to receive a QECB allocation.

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a. **Project Feasibility**: Please describe the scope of the Project as it relates to:

- The project budget (including cost of land, buildings, equipment replaced or upgraded, and whether any amount has been spent at time of application), as well as information about the cost of issuance, project management and professional services expenses, and other miscellaneous costs.

Project Budget	**Projected Use**	**Net Budgeted Cost**
City of Paris Energy Conservation Program	Turnkey Performance Contract (guaranteed energy contract) with Trane Company for turnkey project expenses (LED street lights, LED Building Lights, HVAC equipment, VendingMisers, and other minor ECMs). The goal is to create a self-funding project using guaranteed savings from the ECMs to offset the debt service incurred as part of the QECB. No expenditures made to date.	$2,482,809.00

Costs of Issuance – the Bonds	**Service Provider**	**Budgeted Total Cost[2]**
Financial Advisor:	Raymond James & Associates, Inc.	$22,500.00
Bond Counsel:	Bass, Berry & Sims PLC	15,000.00
Rating Agency:	Moody's Investors Service, Inc.	12,500.00
Registration and Paying Agent:	TBD	500.00
Preliminary OS; Final OS; Distribution	IPREO	1,500.00
Total Costs of Issuance:		$52,000.00
Underwriter's Compensation (Discount):	TBD (Cost determined by competitive bids)	Assume $8.50/$1,000*

- The technology used or upgraded, including factors determining use of this technology over competing or existing technologies.

LED street lights are the primary technology driver on this project (over 50% of the project expenses are related to the street light upgrade). LED street light technology has finally reached a point of financial viability in a long term EPC funding model. Multiple states have already experienced tremendous growth/use

[2] As noted herein, there will be a second series of bonds which will fund any additional costs of issuance not permitted under the QECB program due to regulatory limitations of 2% of the net par amount of QECB obligations. Depending on underwriter's compensation determined by competitive bids, the size of the second series is estimated not to exceed $40,000.00*

of the technology and Trane and the City feel it is time to bring it to Tennessee.

- The issuing party's ability to conduct the bond issuance, as well as the ability of the project to comply with applicable federal and state requirements as an eligible use of funds.

Pursuant to the Section 9-21-101 et seq., Tennessee Code Annotated (the "Act"), the City is authorized to issue its general obligation bonds and certain other debt obligations for public works projects outlined therein, including those relating to the Project. In accordance with the requirements of the Act, the City will issue its general obligation bonds to fund the capital costs of the Project and to pay normal and customary related costs associated with the sale and issuance of the bonds. As depicted in the materials included in Attachment 4 hereto, Bond Counsel has determined that the Project will comply with applicable federal and state requirements as an eligible use of funds. All QECB eligible debt obligations sold by the City will be issued consistent with applicable rules and regulations related to the QECB program.

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b. **Project Impact**: Please describe the anticipated impact of the Project to the extent it:

- Creates and/or retains jobs, both temporary and full-time.

  The Project will be developed and constructed using local full-time and part-time contractors to install the proposed building HVAC, controls and interior lighting systems and street lights.

- Saves energy or contains other environmental benefits/impacts.

  The LED lighting upgrade (street lights and buildings) will provide both energy and operational savings in addition to improving the quality of light produced. The light level produced by the new LED technology will maintain the lumen output throughout its useful life. Another benefit pertains to standardization of materials and maintainability. The lamps being provided in this retrofit have a 10-year warranty. By changing to this LED platform, the City will not need to focus nearly the amount of time and materials required on lighting maintenance as in the past.

  The addition of programmable thermostats will allow the HVAC systems to be turned off when occupants are not in the buildings which will save significantly on energy costs. The VendingMisers will reduce energy consumption in unoccupied hours not only in the lighting of the machine, but setting back the compressors to operate less. The system is driven by occupancy sensing and motion detectors. One theory to save energy is de-lamping the machines. De-lamping these machines can have a negative effect on the sales of product due to the perception that since the lights are off the machine is not working. VendingMisers alleviate this potential problem by saving energy while the building is unoccupied. When the machine senses motion, it comes on ready for operation. The VendingMisers also increase the service life of the machines by reducing runtime of both the compressor and the lighting.

  The dehumidifier at the Civic Center Pool is at end of its useful life and is in dire need of an upgrade. The proposed new dehumidifier system will be more efficient and will require less maintenance than the current system.

  The plan is to combine all of these energy conservation measures together with QECB financing to create a cash neutral Project for the City.

- Contains a significant return on investment.

  Preliminary estimates show $189,127 in energy and operational savings. This is a 12 year simple payback and creates a cash positive Project when QECB funding is

applied. The proposed Project will pay for itself each year over the proposed 20 year funding term.

- Incorporates benchmarking, evaluation, measurement, and verification of impacts using EPA's Portfolio Manager® or other like tool.

  Guaranteed energy savings will be measured and verified by the EPC (Trane). This reporting will be shared with TDEC OEP.

- Marks an investment beneficial across the useful life/longevity of Project.

  LED street lights have a 100,000 hour half-life which is longer than the anticipated funding period. Long-term financing allows the City to smooth-out cash flows into manageable budgeted amounts (that are less than current utility spending levels).

- Contains projected outcomes and criteria used to verify savings/benefits.

  Trane will provide measurement and verification ("M&V") and will report after the first year to document performance of the Project versus projected amounts. If a shortfall is found, Trane will provide a payment to the City for the difference. If excess savings are found, the City will retain the extra savings.

- Benefits the local government, private entity, and/or public in general.

  Beyond reducing operator costs and boosting energy efficiency, LED street lights help City leaders bring additional value to their community. These benefits include, but are not limited to: reduction in crime from improved lighting; safer roadways due to increased visibility of hazards; measurable environmental impact from reduced power consumption; decreased liability due to public safety incident mitigation; and, an improved community view of City services as a result of proactive repairs.

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c. **Project Strategy:** Please describe the Project goals as they support, continue, or complement:

- TDEC OEP goals and/or align with established state, local, or other sustainability or energy efficiency strategy.

  This Project will support the City's long-term sustainability goals and energy efficiency strategies by reducing utility costs and consumption by 15% to 20% for the next 20 years.

- Other efforts undertaken by the Proposer (such as whether Proposer has adopted building energy codes), how the Project fits into future plans, and the extent of community support.

  Community support for previous LED street light installations has been positive. This Project will provide a comparable level of LED lighting to all areas of the City found in other communities with similar equipment. The HVAC improvement work at the Civic Center pool will provide improved comfort and operating conditions all year round to all citizens of the City that utilize the indoor pool. It will also lengthen the life of the Civic Center by removing humid conditions that could cause premature deterioration of the building.

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d. **Project Readiness:** Please describe the timeframe in which:

- The Project will be completed by qualified professionals, including specific information on bond issuance, Project start date and anticipated completion date, procurement status, timeframes for ordinances or permits to be obtained.

  For information related to the qualified professionals who will consult with the City and serve in various capacities related to the sale and issuance of the bonds which will fund the Project, see information in item 5.

  As required by the Act (defined herein), the City has engaged Raymond James as its Municipal Advisor and Bass Berry & Sims PLC as its Bond Counsel. The City also has adopted and published an Initial Resolution (attached) which is the first formal step in the approval process. A Supplemental Initial Resolution will be considered by the Board of City Commissioners ("Commission") on April 6, 2017. Following receipt of the allocation and credit rating, general obligation bonds will be offered for competitive public sale targeted for May – June, 2017 following adoption of a detailed resolution by the Commission. There will be 2 series of general obligation bonds to address limitations on the cost of issuance associated with the QECB program regulations. Both transactions will be treated as federally taxable obligations, but the smaller of the 2 series will <u>not</u> be QECB eligible and be issued solely for the purpose of providing funds for costs of issuance that exceed QECB Program limitations. Delivery of funds is anticipated approximately 10 days following the sale.

- Additional Project funding, if necessary, will be secured, as well as an assurance that energy savings can be achieved with resources identified.

  While no additional Project funding is anticipated, the City is committed to executing the Project and certifies that it will do what is necessary to assure final completion.

  Trane was selected as the EPC based on references and track record of delivering guaranteed savings on its similar projects. The EPC's contract with the City will be structured to ensure that interests of all parties are "aligned"... Trane will be contractually obligated for delivering the predicted savings calculated in the audit phase of the Project (i.e., when Project budget/capital costs are determined).

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4. Supporting Materials – Attachments Required

Please include original or certified copies of the following:

a. Inducement resolution, reimbursement resolution or other documentation of the preliminary approval of the Project by the issuing entity, in conformity with applicable federal and state law.

   The City's adopted Initial Resolution documenting preliminary approval was formally considered and adopted by the Commission on March 2, 2017. As noted, a Supplemental Initial Resolution will be considered by the Commission at their regular meeting on April 6, 2017. See APPENDIX A.

b. If the proposed issuer will be different from the county or municipality that receives the allocation, the approval granting use of the allocation for the Project or purpose by the governing body. **n/a**

c. A written Opinion of Independent Legal Counsel stating that: **See APPENDIX B**

   - The proposed Project meets QECB eligibility requirements under Internal Revenue Code 54D and all other applicable laws, rules, regulations and requirements, and

   - The proposed use is eligible to be considered a public and/or private use by applicable laws, rules, regulations, and requirements, and does not exceed the 30% per allocation total limit on private activity bonds.

5. Bond Counsel Information

Name of Attorney and Firm:	**Bass, Berry & Sims PLC** **Lillian M. Blackshear, Esq.**
Address, City, State, and Zip Code:	**150 Third Avenue South – Suite 2800**
Telephone & FAX No. and E-Mail:	**615-742-7902 (Office)** **615-248-4245 (Facsimile)** **lbackshear@bassberry.com**

Any award of QECB allocation to an eligible entity shall not be construed as or relied upon as a statement or decision that any particular Project in fact complies with applicable laws, rules, regulations and requirements. To the contrary, by executing this form, the Proposer hereby certifies that (i) the stated Project is legally eligible to be funded by QECBs, and (ii) the Proposer will ensure compliance with all applicable laws, rules, regulations and requirements with respect to any QECBs issued and shall ensure any relevant reports are timely made. Additionally, the Proposer hereby releases and agrees to hold completely harmless the Tennessee Local Development Authority, the Tennessee Department of Environment and Conservation, the State of Tennessee, and any employees of any of the foregoing, from any and all matters relating to any QECB capacity awarded or not awarded to the Proposer or QECBs issued or not issued.

The undersigned, on behalf of the Proposer set forth below, hereby certifies that it is authorized by the eligible entity to make the request and certifications contained herein on behalf of the eligible entity. I further certify that the information contained in the attached proposal is true and accurate to the best of my knowledge.

Kim Foster
Signature of Proposer's Senior Official

Kim Foster
Print Name:

City Manager
Title:

City Hall
100 North Caldwell
P.O. Box 970
Paris, Tennessee 38242
Address:

731-641-1402
Phone Number of Authorized Official

March 24, 2017
Date

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APPENDIX A: INITIAL RESOLUTIONS

Resolution No. 1581

INITIAL RESOLUTION DETERMINING TO ISSUE ONE OR MORE SERIES OF TAXABLE GENERAL OBLIGATION BONDS, INCLUDING ONE OR MORE SERIES OF QUALIFIED ENERGY CONSERVATION BONDS, OF THE CITY OF PARIS, TENNESSEE IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWO MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS.

WHEREAS, it is necessary and in the public interest of the City of Paris, Tennessee (the "Municipality") to issue one or more series of taxable general obligation bonds in an aggregate principal amount of not to exceed $2,150,000 (the "Bonds") for the purposes hereinafter provided; and

WHEREAS, one or more of the series of Bonds authorized herein may be issued as qualified energy conservation bonds in accordance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant to Section 9-21-205, Tennessee Code Annotated, prior to the issuance of any bonds secured by the general obligation of a local government, the governing body of the local government proposing to issue said bonds shall adopt a resolution determining to issue the same; and

WHEREAS, for the purpose of complying with the requirements of said statute, the Board of Commissioners of the Municipality adopts this Resolution.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PARIS, TENNESSEE:

Section 1. Purpose. For the purposes of financing (a) all or a portion of the costs to improve, upgrade, modify and equip public buildings and facilities within the Municipality for the purpose of energy conservation, including the installation of energy-efficient public street lights, energy-efficient lighting in public buildings and facilities, energy-efficient upgrades to HVAC systems and vending machines in public buildings and facilities and energy-efficient upgrades to the indoor pool dehumidifier in the Municipality's Civic Center, all as part of a green community program (as such term is used in Section 54D of the Code), (b) acquisition of all property, real and personal, appurtenant to the foregoing, (c) legal, fiscal, administrative, architectural and engineering costs incident to all the foregoing (collectively, the "Projects"), (d) all other costs authorized to be financed pursuant to Section 9-21-109, Tennessee Code Annotated, including without limitation, costs of issuance of the Bonds, and (e) the reimbursement to the Municipality for funds previously expended for the Projects, the Board of Commissioners hereby determines to issue the Bonds in an aggregate principal amount of not to exceed $2,150,000, which shall bear interest at a rate or rates not to exceed the maximum rate permitted under applicable law, and which shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. To the extent that a series of Bonds is issued as qualified energy conservation bonds, such series of Bonds shall be additionally payable from, but not secured by, certain interest subsidy payments received by the Municipality with respect to such series from the United States Treasury.

Section 2. Publication of Resolution. The City Recorder/Finance Director of the Municipality is hereby directed and instructed to cause the foregoing initial resolution relative to the issuance of not to exceed $2,150,000 taxable general obligation bonds to be published in full in a newspaper having a general circulation in the Municipality, for one issue of said paper, followed by the statutory notice, to-wit:

NOTICE

The foregoing resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition signed by at least ten percent (10%) of the registered voters of the Municipality shall have been filed with the City Recorder/Finance Director of the Municipality protesting the issuance of the bonds, such bonds will be issued as proposed.

Traci Pillow, City Recorder/Finance Director

Section 3. Effective Date. This Resolution shall take effect from and after its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 1st day of March, 2017.

Carlton Gerrell, Mayor

ATTEST:

Traci Pillow, City Recorder/Finance Director

STATE OF TENNESSEE)

COUNTY OF HENRY)

I, Traci Pillow, certify that I am the duly qualified and acting City Recorder/Finance Director of the City of Paris, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the Municipality held on March 2, 2017; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed $2,150,000 taxable general obligation bonds of said Municipality.

WITNESS my official signature and seal of said Municipality on this the 2nd day of March, 2017.

Traci Pillow

City Recorder/Finance Director

INITIAL RESOLUTION DETERMINING TO ISSUE ONE OR MORE SERIES OF TAXABLE GENERAL OBLIGATION BONDS, INCLUDING ONE OR MORE SERIES OF QUALIFIED ENERGY CONSERVATION BONDS, OF THE CITY OF PARIS, TENNESSEE IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR HUNDRED FIFTY THOUSAND DOLLARS.

WHEREAS, for the purposes of financing certain energy conservation projects and related costs, the Board of Commissioners of the City of Paris, Tennessee (the "Municipality") adopted an initial resolution on March 2, 2017, authorizing the issuance of one or more series of taxable general obligation bonds in an aggregate principal amount of not to exceed $2,150,000 and providing that one or more series of such bonds may be issued as qualified energy conservation bonds in accordance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, for the purposes of providing additional financing for the above-described projects and related costs (all as more fully described below), it is necessary and in the public interest of the Municipality to issue one or more series of taxable general obligation bonds in an aggregate principal amount of not to exceed $450,000 (the "Bonds"); and

WHEREAS, one or more of the series of Bonds authorized herein may be issued as qualified energy conservation bonds in accordance with the provisions of the Code; and

WHEREAS, pursuant to Section 9-21-205, Tennessee Code Annotated, prior to the issuance of any bonds secured by the general obligation of a local government, the governing body of the local government proposing to issue said bonds shall adopt a resolution determining to issue the same; and

WHEREAS, for the purpose of complying with the requirements of said statute, the Board of Commissioners of the Municipality adopts this Resolution.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PARIS, TENNESSEE:

Section 1. **Purpose.** For the purposes of financing (a) all or a portion of the costs to improve, upgrade, modify and equip public buildings and facilities within the Municipality for the purpose of energy conservation, including the installation of energy-efficient public street lights, energy-efficient lighting in public buildings and facilities, energy-efficient upgrades to HVAC systems and vending machines in public buildings and facilities and energy-efficient upgrades to the indoor pool dehumidifier in the Municipality's Civic Center, all as part of a green community program (as such term is used in Section 54D of the Code), (b) acquisition of all property, real and personal, appurtenant to the foregoing, (c) legal, fiscal, administrative, architectural and engineering costs incident to all the foregoing (collectively, the "Projects"), (d) all other costs authorized to be financed pursuant to Section 9-21-109, Tennessee Code Annotated, including without limitation, costs of issuance of the Bonds, and/or (e) the reimbursement to the Municipality for funds previously expended for the Projects, the Board of Commissioners hereby determines to issue the Bonds in an aggregate principal amount of not to exceed $450,000, which shall bear interest at a rate or rates not to exceed the maximum rate permitted under applicable law, and which shall be payable from unlimited ad **valorem** taxes to be levied on all taxable property within the corporate limits of the Municipality. To the extent that a series of Bonds is issued as qualified energy conservation bonds, such series of Bonds shall be additionally payable from, but not secured by, certain interest subsidy payments received by the Municipality with respect to such series from the United States Treasury.

Section 2. Publication of Resolution. The City Recorder/Finance Director of the Municipality is hereby directed and instructed to cause the foregoing initial resolution relative to the issuance of not to exceed $450,000 taxable general obligation bonds to be published in full in a newspaper having a general circulation in the Municipality, for one issue of said paper, followed by the statutory notice, to-wit:

NOTICE

The foregoing resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition signed by at least ten percent (10%) of the registered voters of the Municipality shall have been filed with the City Recorder/Finance Director of the Municipality protesting the issuance of the bonds, such bonds will be issued as proposed.

Traci Pillow, City Recorder/Finance Director

Section 3. Effective Date. This Resolution shall take effect from and after its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 6th day of April, 2017.

Carlton Gerrell, Mayor

ATTEST:

Traci Pillow, City Recorder/Finance Director

STATE OF TENNESSEE)

COUNTY OF HENRY)

I, Traci Pillow, certify that I am the duly qualified and acting City Recorder/Finance Director of the City of Paris, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the Municipality held on April 6, 2017; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed $450,000 taxable general obligation bonds of said Municipality.

WITNESS my official signature and seal of said Municipality on this the 6th day of April, 2017.

City Recorder/Finance Director

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APPENDIX B: LEGAL OPINION

BASS BERRY + SIMS.

Lillian M. Blackshear
lblackshear@bassberry.com
(615) 742- 7902

March 20, 2017

Office of Energy Programs
c/o Molly Cripps, Director
Tennessee Department of Environment
and Conservation
Wm. Snodgrass Tennessee Tower
312 Rosa Parks Ave, 2nd Floor
Nashville, Tennessee 37243

Re: Application by the City of Paris, Tennessee to Receive an Allocation of Qualified Energy Conservation Bonds

Dear Director Cripps:

We are submitting this letter to your office as part of the application (the "Application") submitted by the City of Paris, Tennessee (the "City") to your office to receive an allocation of qualified energy conservation bonds to finance certain energy conservation projects within the City (collectively, the "Project").

We have reviewed the Application, and the Project appears to be a project eligible for financing by qualified energy conservation bonds under the Internal Revenue Code of 1986, as amended, and other applicable laws and regulations. The City expects to own and operate the Project for the benefit of the public, and the proposed financing of the Project does not appear to exceed the 30% allocation restriction on private activity bonds.

Please feel free to contact us should you have any questions or comments.

Sincerely,

Lillian Blackshear

Lillian M. Blackshear

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