

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
SEPTEMBER 22, 2017
AGENDA

1. Call Meeting to Order
2. Approval of Minutes from the TLDA meeting of August 17, 2017
3. Report on the notification by the City of Lafayette that was submitted to comply with TLDA SRF Policy and Guidance
4. Consider for approval the following Clean Water State Revolving Fund loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
City of Franklin CG5 2017-375	\$ 1,275,000	\$ 225,000	\$ 1,500,000	1.47%
City of Franklin SRF 2017-376	\$78,500,000	\$ -	\$78,500,000	1.47%
City of Franklin SRF 2017-398	\$20,000,000	\$ -	\$20,000,000	1.47%
Lincoln County CG5 2017-387	\$ 306,250	\$1,225,000	\$ 1,531,250	0.82%
Lincoln County SRF 2017-388	\$ 685,200	\$ -	\$ 685,200	0.82%

5. Consider for approval the following Drinking Water State Revolving Fund loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Town of Bell Buckle DW6 2018-200	\$ 132,800	\$ 33,200	\$ 166,000	0.17%

6. Approval of amendment to the Public Financial Management Contract
7. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
August 17, 2017

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Thursday, August 17, 2017, at 10:00 a.m. in the Tennessee State Capitol, Executive Conference Room, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
The Honorable Justin Wilson, Comptroller of the Treasury
Commissioner Larry Martin, Department of Finance and Administration
Dr. Kenneth Moore, House Appointee

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 member was absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order and asked Ms. Sandra Thompson, Director of the Office of State and Local Finance ("OSLF") to call the roll:

Mr. Wolfe — Present
Mr. Martin — Present
Mr. Hargett — Present
Mr. Wilson — Present
Mr. Lillard — Present
Dr. Moore — Present

Mr. Hargett stated that the first item on the agenda was to approve the minutes of the previous TLDA meeting held on June 22, 2017. Mr. Martin made a motion to approve the minutes, Mr. Lillard seconded the motion, and Ms. Thompson called the roll:

Mr. Wolfe — Aye
Mr. Martin — Aye
Mr. Hargett — Aye
Mr. Wilson — Aye
Mr. Lillard — Aye
Dr. Moore — Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was an update on Williamson County's QECB suballocation request, which the TLDA had granted contingent approval at the previous TLDA meeting held on June 22, 2017. Mr. Hargett recognized Ms. Sandi Thompson, OSLF, who stated that the TLDA had granted approval contingent on the receipt of signed resolutions from the Williamson County Commission. Ms. Thompson stated that the Office of State and Local Finance had received the resolutions from Ms. Alexa Voytek, Tennessee Department of Environment and Conservation ("TDEC"), on July 27, 2017. Ms. Thompson then stated that on August 8, 2017

OSLF and the Attorney General's office confirmed that the resolutions did satisfy the TLDA's conditions for approval. Mr. Hargett asked if there were any questions. Hearing none, he continued.

Mr. Hargett then stated that the next item on the agenda was a report on the notification by the Town of Decatur (the "Town") that was submitted to comply with TLDA State Revolving Fund ("SRF") Policy and Guidance. Mr. Hargett recognized Ms. Thompson who stated that OSLF received a notice from the Town informing the TLDA that they plan on issuing debt that would be subordinate to its SRF loans. Ms. Thompson stated that this notice is all that is required, as they are not required to request or obtain an approval from the TLDA. Mr. Hargett asked if there were any questions. Hearing none, he continued.

Mr. Hargett stated that the next item was a request by the First Utility District of Tipton County (the "District") to issue refunding debt on parity with its SRF Loans. Mr. Hargett recognized Ms. Thompson who stated that the District was required to submit a request to issue this refunding debt on parity with its SRF loans. Ms. Thompson stated that they did have several criteria they did need to meet in order to receive approval for that. Ms. Thompson stated that the local finance analysts in OSLF did review this request and determine that they did meet all of the criteria. This included providing an annual report for its most recent fiscal year, demonstrate that they had met the requirements for the 1.20X debt service coverage, and they showed that net revenues from the system for the next three fiscal years would be sufficient to provide the 1.20X debt service coverage as well. Ms. Thompson stated OSLF concluded that the District did meet the criteria in accordance with the SRF policy and guidance.

Mr. Wilson made a motion to approve the request, Mr. Martin seconded the motion, and Ms. Thompson called the roll:

Mr. Wolfe — Aye
Mr. Martin — Aye
Mr. Hargett — Aye
Mr. Wilson — Aye
Mr. Lillard — Aye
Dr. Moore — Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was the consideration of a request by the Watauga River Regional Water Authority (the "Authority") to issue refunding debt on parity with its SRF loan. Mr. Hargett recognized Ms. Thompson who stated that OSLF is required to review and make sure that they comply with the criteria under the SRF policy and guidance. Ms. Thompson stated that the refunding would result in a net present value debt service savings of \$413,000 or 5.59% of the refunded principal amount. OSLF did receive the audited financial statements in the required time. The Authority expects a bond credit rating of "A," and they are currently under the jurisdiction of the Water and Wastewater Review Board (WWRB) for two years of negative change in net position. Ms. Thompson explained that since instituting a required rate change the Authority experienced a positive change in net position in 2016. Ms. Thompson stated that based on OSLF analysis, the Authority would have sufficient cash and revenues to meet the required 1.20X debt service coverage, and the proposed issuance will maintain the current parity lien position that the Authority's bonds have with its SRF loan. Mr. Hargett recognized Mr. Wilson who asked if the Authority was not increasing its indebtedness and only refunding its indebtedness. Ms. Thompson stated that the proposed issuance was only a refunding. Mr. Wilson then asked if the proposed issuance would have the same parity status that the current outstanding bonds have which Ms. Thompson affirmed they would.

Mr. Wilson made a motion to approve the request, Mr. Martin seconded the motion, and Ms. Thompson called the roll:

Mr. Wolfe — Aye
Mr. Martin — Aye
Mr. Hargett — Aye
Mr. Wilson — Aye
Mr. Lillard — Aye
Dr. Moore — Aye

The motion was unanimously approved.

Mr. Hargett then stated that the next item on the agenda was the presentation of the priority ranking lists for the Clean Water and Drinking Water State Revolving Funds. Mr. Hargett recognized Mr. Sherwin Smith, TDEC, who stated that these were the lists for the fiscal year 2017 rating cycle because the Environmental Protection Agency (“EPA”) was one year behind TDEC's 2018 fiscal year cycle. Mr. Smith stated that the priority ranking lists are prepared from project requests that TDEC receives from local governments, authorities, and utility districts. Mr. Smith stated that he would be glad to answer any questions there might be. Mr. Hargett asked about loans number two and three with each having a score of 117 priority points, and asked why they were not tied for second place. Mr. Smith explained that when a tie occurred they looked at ability to pay and population. Mr. Smith stated that the smaller and less affluent community would receive priority to break a tie. Mr. Hargett asked if there were any questions. Hearing none, he continued.

Mr. Hargett then stated that the next item was to consider for approval several Clean Water SRF loans and recognized Mr. Sherwin Smith to present the balance of the fund. Mr. Smith stated that the unobligated balance as of the June 22, 2017 meeting was \$125,619,788, and that there was an increase to the fund due to decreases in previous loans of \$1,120,529 with a final balance of \$126,619,788. Mr. Smith then stated that the projects for approval totaled \$19,125,725, which would leave a remaining unobligated balance of \$107,614,592. Mr. Hargett stated that, without objection, all loans would be considered as one item.

Mr. Smith then presented the following loan requests:

- Hallsdale-Powell Utility District (CW6 2017-394)—Requesting \$1,000,000 (\$900,000 (90%) loan; \$100,000 (10%) principal forgiveness) for the Beaver Creek Interceptor Improvement Project. The Project includes the replacement of approximately 11,500 linear feet (LF) of 36-inch diameter interceptor sewer with a new 48-inch diameter interceptor sewer with new manholes, rehabilitation/replacement of approximately 16,700 LF of 6-inch through 24-inch diameter existing collector sewers and associated manholes, and the installation of approximately 425 LF of new collector sewer and associated manholes; recommended interest rate of 1.93% based on the Ability to Pay Index (ATPI).
- Hallsdale-Powell Utility District (SRF 2017-395)—Requesting \$12,100,000 for the Beaver Creek Interceptor Improvement Project. The Project includes the replacement of approximately 11,500 linear feet (LF) of 36-inch diameter interceptor sewer with a new 48-inch diameter interceptor sewer with new manholes, rehabilitation/replacement of approximately 16,700 LF of 6-inch through 24-inch diameter existing collector sewers and associated manholes, and the installation of approximately 425 LF of new collector sewer and associated manholes; recommended interest rate of 1.93% based on the Ability to Pay Index (ATPI).
- Troy (CG5 2017-397)—Requesting \$625,725 (\$531,866 (85%) loan; \$93,859 (15%) principal forgiveness) for I & I (infiltration/inflow) corrections and collection system rehabilitation; recommended interest rate of 0.39% based on the ATPI.
- Water Authority of Dickson County (CG5 2017-384)—Requesting \$1,340,185 (\$268,037 (20%) loan; \$1,072,148 (80%) principal forgiveness) for water meter replacements (GREEN); recommended interest rate of 1.03% based on the ATPI.
- Water Authority of Dickson County (SRF 2017-385)—Requesting \$4,059,815 for water meter replacements (GREEN); recommended interest rate of 1.03% based on the ATPI.

Mr. Martin made a motion to approve the loans, Mr. Lillard seconded the motion, and Ms. Thompson called the roll:

- Mr. Wolfe — Aye
- Mr. Martin — Aye
- Mr. Hargett — Aye
- Mr. Wilson — Aye
- Mr. Lillard — Aye
- Dr. Moore — Aye

The motion was unanimously approved.

Mr. Hargett then stated that the next item on the agenda was to consider the drinking water loans for approval and recognized Mr. Sherwin Smith to present the Drinking Water balance sheet. Mr. Smith stated that the unobligated balance as of the June 22, 2017 was \$41,562,788. Mr. Smith then explained that the fund had an increase of \$47,161 due to decreases in previous loans resulting in a balance of \$41,609,949. Mr. Smith stated that the projects to consider for approval totaled \$2,949,950, which would leave a remaining unobligated balance of \$38,659,999. Mr. Hargett stated that, without objection, all loans would be considered as one item.

Mr. Smith then presented the following loan requests:

- Paris (DWF 2017-195)—Requesting \$750,000 for water treatment plant (“WTP”) improvements and Volunteer Drive water tank rehabilitation; recommended interest rate of 1.18% based on the Ability to Pay Index (ATPI).
- Paris (DW6 2017-196)—Requesting \$1,000,000 (\$800,000 (80%) loan; \$200,000 (20%) principal forgiveness) for water treatment plant (“WTP”) improvements (replace aging treatment process-Phase II); recommended interest rate of 1.18% based on the Ability to Pay Index (ATPI).
- Paris (DWF 2017-197)—Requesting \$500,000 for water treatment plant (“WTP”) improvements (replace aging treatment process-Phase II); recommended interest rate of 1.18% based on the Ability to Pay Index (ATPI).
- Troy (DW4 2017-198)—Requesting \$1,000,000 (\$800,000 (80%) loan; \$200,000 (20%) principal forgiveness) for water system improvements; recommended interest rate of 0.39% based on the Ability to Pay Index (ATPI).

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

- Mr. Wolfe — Aye
- Mr. Martin — Aye
- Mr. Hargett — Aye
- Mr. Wilson — Aye
- Mr. Lillard — Aye
- Dr. Moore — Aye

The motion was unanimously approved.

Hearing no other business, Mr. Wilson made a motion to adjourn the meeting, Mr. Hargett seconded the motion, and Ms. Thompson called the roll:

Mr. Wolfe — Aye
Mr. Martin — Aye
Mr. Hargett — Aye
Mr. Wilson — Aye
Mr. Lillard — Aye
Dr. Moore — Aye

The motion was unanimously approved.

Approved on this ____ day of _____, 2017.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

DRAFT

CITY COUNCIL
Roger Russell, Vice Mayor
Pam Cothron
Jason Phelps
Marcus Smith
Steve Turner
Jerry Wix



City of Lafayette
P.O. BOX 275
LAFAYETTE, TENNESSEE 37083
PHONE 615-666-2194
FAX 615-666-2922

CITY ATTORNEY
James D. White, Jr.
POLICE CHIEF
Stacy Gann
FIRE CHIEF
Troy Brawner
PUBLIC WORKS
DIRECTOR
Jeff Harper

www.lafayette-tn.org

Richard F. Driver, Mayor

Annette Morgan, Recorder/Finance Officer

September 14, 2017

VIA E-MAIL (sandi.thompson@cot.tn.gov)

Ms. Sandra Thompson, Assistant Secretary
Tennessee Local Development Authority
James K. Polk Building, Suite 1600
505 Deaderick Street
Nashville, Tennessee 37243

RE: City of Lafayette, Tennessee (the "City") – Sewer Revenue and Tax Bond, Series 2017
(the "Bond")

Dear Ms. Thompson:

The City proposes to issue the Bond to the United States Department of Agriculture in order to finance sewer system improvements and extensions. The Bond will be secured by a pledge of sewer revenues subordinate to the pledge of revenues in favor of the City's 2007 State Revolving Fund Loan. Please consider this letter notice of the issuance of the Bond, as required by the TLDA's SRF Policy & Guidance for Borrowers.

Sincerely,

Richard Driver
Mayor of Lafayette

22628318.1

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program
Funds Available for Loan Obligation
September 22, 2017

Unobligated Balance as of August 17, 2017 **\$ 107,614,592**

Increases:

FY 2015 EPA Capitalization Grant (balance of funds)	\$ 11,485,739	
State Matching of Federal Grant	\$ 2,297,148	
	<u>13,782,887</u>	\$ 13,782,887

Unobligated Balance as of September 22, 2017 **\$ 121,397,479**

Applicants:

	<u>Loan Number</u>	<u>Loan Amount</u>	
City of Franklin (Subsidized @ \$225,000)	CG5 2017-375	\$ 1,500,000	
City of Franklin	SRF 2017-376	\$ 78,500,000	
City of Franklin	SRF 2017-398	\$ 20,000,000	
Lincoln County (Subsidized @ \$1,225,000)	CG5 2017-387	\$ 1,531,250	
Lincoln County	SRF 2017-388	\$ 685,200	
		<u>102,216,450</u>	\$ 102,216,450

Remaining Funds Available for Loan Obligations **\$ 19,181,029**

FACT SHEET

SEPTEMBER 22, 2017

Borrower: City of Franklin
Population: 63,966
County: Williamson County
Consulting Engineer: CDM Smith
Project Number: CG5 2017-375
Priority List Ranking/Points: 6, 7, 8 (FY 2016)/116.5, 116.5, 116.5
Recommended Term: 30 years
Recommended Rate: $(2.45 \times 70\%) - (0.25\%) = 1.47\%$

Project Description: Green-WWTP Improvements, Advanced Treatment (Biosolids process Improvements) and WWTP Upgrades / Expansion Advanced Treatment (Expansion from 12MGD to 16MGD - Expand headworks, new basins and filters for nutrient removal, EQ basin and hydraulic upgrades, and UV disinfection upgrades), and Reuse pump station modifications

Total Project Cost: \$ 112,875,000

Sources of Funding:

SRF Loan Principal (85%)	\$ 1,275,000
Principal Forgiveness (15%)	\$ 225,000
Other Funds (SRF 2017-376)	\$ 78,500,000
Other Funds (SRF 2017-398)	\$ 20,000,000
Local Funds	\$ 12,875,000

State-Shared Taxes: \$ 12,663,985

Debt Service:

Prior Loans: (including SRF)	\$ 469,731	3.71%
Proposed Loan:	\$ 4,114,910	32.49%
Total:	\$ 4,584,641	36.20%

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

Current Rate:	\$ 38.71
Proposed Rate:	\$ 40.51 (Effective Date: January 1, 2018)

Public Meeting: July 14, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
City of Franklin
CG5 2017-375**

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 \$12,663,985.
- (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/Sewer	CGA 2009-250	\$3,147,000	\$1,258,800	\$122,176
SRF/Sewer	CG2 2016-367	\$1,822,741	\$0	\$129,853
SRF/Sewer	SRF 2016-374	\$1,677,259	\$0	\$119,488
SRF/Water	DWA 2009-097	\$2,500,000	\$1,000,000	\$98,214

- (b) The maximum aggregate annual debt service is \$469,731.
- (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	1.47%	\$1,500,000	\$225,000	\$52,583
SRF/Sewer	1.47%	\$78,500,000	\$0	\$3,237,489
SRF/Sewer	1.47%	\$20,000,000	\$0	\$824,838

- (b) The anticipated maximum aggregate annual debt service is \$4,114,910.
- (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 \$4,584,641.

- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$8,079,344.

Duly signed by an authorized representative of the Local Government on this 18th day of July, 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: _____


Dr. Ken Moore, Mayor

FACT SHEET

SEPTEMBER 22, 2017

Borrower: City of Franklin
Population: 63,966
County: Williamson County
Consulting Engineer: CDM Smith
Project Number: SRF 2017-376
Priority List Ranking/Points: 6, 7, 8 (FY 2016)/116.5, 116.5, 116.5
Recommended Term: 30 years
Recommended Rate: $(2.45 \times 70\%) - (0.25\%) = 1.47\%$

Project Description: Green-WWTP Improvements, Advanced Treatment (Biosolids process Improvements) and WWTP Upgrades / Expansion - Advanced Treatment (Expansion from 12MGD to 16MGD - Expand headworks, new basins and filters for nutrient removal, EQ basin and hydraulic upgrades, and UV disinfection upgrades), and Reuse pump station modifications

Total Project Cost: \$ 112,875,000

Sources of Funding:

SRF Loan Principal	\$ 78,500,000
Other Funds (CG5 2017-375)	\$ 1,500,000
Other Funds (SRF 2017-398)	\$ 20,000,000
Local Funds	\$ 12,875,000

State-Shared Taxes: \$ 12,663,985

Debt Service:

Prior Loans: (including SRF)	\$ 469,731	3.71%
Proposed Loan:	<u>\$ 4,114,910</u>	<u>32.49%</u>
Total:	\$ 4,584,641	36.20%

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

Current Rate:	\$ 38.71
Proposed Rate:	\$ 40.51 (Effective Date: January 1, 2018)

Public Meeting: July 14, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
City of Franklin
SRF 2017-376**

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 \$12,663,985.
- (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/Sewer	CGA 2009-250	\$3,147,000	\$1,258,800	\$122,176
SRF/Sewer	CG2 2016-367	\$1,822,741	\$0	\$129,853
SRF/Sewer	SRF 2016-374	\$1,677,259	\$0	\$119,488
SRF/Water	DWA 2009-097	\$2,500,000	\$1,000,000	\$98,214

- (b) The maximum aggregate annual debt service is \$469,731.
- (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	1.47%	\$1,500,000	\$225,000	\$52,583
SRF/Sewer	1.47%	\$78,500,000	\$0	\$3,237,489
SRF/Sewer	1.47%	\$20,000,000	\$0	\$824,838

- (b) The anticipated maximum aggregate annual debt service is \$4,114,910.
- (4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

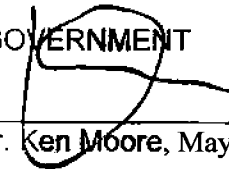
Type of Obligation	Identifying #	Original \$/Amt	Max. Annual Pledge of State-Shared Taxes
N/A			

- (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 \$4,584,641.

- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$8,079,344.

Duly signed by an authorized representative of the Local Government on this 18th day of JULY, 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: 
Dr. Ken Moore, Mayor

FACT SHEET

SEPTEMBER 22, 2017

Borrower: City of Franklin
Population: 63,966
County: Williamson County
Consulting Engineer: CDM Smith
Project Number: SRF 2017-398
Priority List Ranking/Points: 6, 7, 8 (FY 2016)/116.5, 116.5, 116.5
Recommended Term: 30 years
Recommended Rate: $(2.45 \times 70\%) - (0.25\%) = 1.47\%$

Project Description: Green-WWTP Improvements, Advanced Treatment (Biosolids process Improvements) and WWTP Upgrades / Expansion Advanced Treatment (Expansion from 12MGD to 16MGD - Expand headworks, new basins and filters for nutrient removal, EQ basin and hydraulic upgrades, and UV disinfection upgrades), and Reuse pump station modifications

Total Project Cost: \$ 112,875,000

Sources of Funding:

SRF Loan Principal	\$ 20,000,000
Other Funds (CG5 2017-375)	\$ 1,500,000
Other Funds (SRF 2017-376)	\$ 78,500,000
Local Funds	\$ 12,875,000

State-Shared Taxes: \$ 12,663,985

Debt Service:

Prior Loans: (including SRF)	\$ 469,731	3.71%
Proposed Loan:	\$ 4,114,910	32.49%
Total:	\$ 4,584,641	36.20%

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

Current Rate:	\$ 38.71
Proposed Rate:	\$ 40.51 (Effective Date: January 1, 2018)

Public Meeting: July 14, 2016

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
City of Franklin
SRF 2017-398**

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 \$12,663,985.

(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/Sewer	CGA 2009-250	\$3,147,000	\$1,258,800	\$122,176
SRF/Sewer	CG2 2016-367	\$1,822,741	\$0	\$129,853
SRF/Sewer	SRF 2016-374	\$1,677,259	\$0	\$119,488
SRF/Water	DWA 2009-097	\$2,500,000	\$1,000,000	\$98,214

(b) The maximum aggregate annual debt service is \$469,731.

(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	1.47%	\$1,500,000	\$225,000	\$52,583
SRF/Sewer	1.47%	\$78,500,000	\$0	\$3,237,489
SRF/Sewer	1.47%	\$20,000,000	\$0	\$824,838

(b) The anticipated maximum aggregate annual debt service is \$4,114,910.

(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 \$4,584,641.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$8,079,344.

Duly signed by an authorized representative of the Local Government on this 18th day of July, 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: _____


Dr. Ken Moore, Mayor

FACT SHEET

SEPTEMBER 22, 2017

Borrower: Lincoln County Board of Public Utilities

Population: 26,163

County: Lincoln County

Consulting Engineer: James C. Hailey & Company

Project Number: CG5 2017-387

Priority List Ranking/Points: 15(FY 2016)/45

Recommended Term: 20 years

Recommended Rate: $(2.13 \times 50\%) - (0.25\%) = 0.82\%$

Project Description: Green-Water Meter Replacements

Total Project Cost: \$ 2,216,450

Sources of Funding:

SRF Loan Principal (20%) \$ 306,250

Principal Forgiveness (80%) \$ 1,225,000

Other Funds (SRF 2017-388) \$ 685,200

State-Shared Taxes: \$ 3,039,993

Debt Service:

Prior Loans: (including SRF) \$ 217,236 7.15%

Proposed Loan: \$ 53,766 1.77%

Total: \$ 271,002 8.92%

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

Current Rate: \$ 48.06

Public Meeting: February 02, 2017

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
Lincoln County Public Utilities
CG5 2017-387**

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 \$3,039,993.

(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/Sewer	CG3 2014-334	\$3,558,000	\$177,900	\$184,920
SRF/Sewer	SRF 2016-365	\$600,000	\$0	\$32,316

(b) The maximum aggregate annual debt service is \$217,236.

(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	0.82%	\$1,531,250	\$1,225,000	\$16,608
SRF/Sewer	0.82%	\$685,200	\$0	\$37,158

(b) The anticipated maximum aggregate annual debt service is \$53,766.

(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 \$271,002.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$2,768,991.

Duly signed by an authorized representative of the Local Government on this 28 day of August, 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: 
Michael R. Gooding, Chairman

FACT SHEET

SEPTEMBER 22, 2017

Borrower: **Lincoln County Board of Public Utilities**

Population: **26,163**

County: Lincoln County

Consulting Engineer: **James C. Hailey & Company**

Project Number: **SRF 2017-388**

Priority List Ranking/Points: **15(FY 2016)/45**

Recommended Term: 20 years

Recommended Rate: $(2.13 \times 50\%) - (0.25\%) = 0.82\%$

Project Description: Green-Water Meter Replacements

Total Project Cost: \$ 2,216,450

Sources of Funding:

SRF Loan Principal \$ 685,200

Other Funds (CG5 2017-387) \$ 1,531,250

State-Shared Taxes: \$ 3,039,993

Debt Service:

Prior Loans: (including SRF)	\$ 217,236	7.15%
Proposed Loan:	<u>\$ 53,766</u>	<u>1.77%</u>
Total:	\$ 271,002	8.92%

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

Current Rate: \$ 48.06

Public Meeting: February 02, 2017

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
Lincoln County Public Utilities
SRF 2017-388**

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 \$3,039,993.

(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/Sewer	CG3 2014-334	\$3,558,000	\$177,900	\$184,920
SRF/Sewer	SRF 2016-365	\$600,000	\$0	\$32,316

(b) The maximum aggregate annual debt service is \$217,236.

(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	0.82%	\$1,531,250	\$1,225,000	\$16,608
SRF/Sewer	0.82%	\$685,200	\$0	\$37,158

(b) The anticipated maximum aggregate annual debt service is \$53,766.

(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 \$271,002.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$2,768,991.

Duly signed by an authorized representative of the Local Government on this 28 day of August, 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. Michael R. Gooding, Chairman

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
September 22, 2017

Unobligated Balance as of August 17, 2017 **\$ 38,659,999**

<u>Increases:</u>	<u>Loan Number</u>	<u>Loan Amount</u>	
Early Payoff (See note below *)		\$ 2,006,827	<u>\$ 2,006,827</u>

Unobligated Balance as of September 22, 2017 **\$ 40,666,826**

<u>Applicants:</u>	<u>Loan Number</u>	<u>Loan Amount</u>	
Town of Bell Buckle (Subsidized @ \$33,200)	DW6 2018-200	<u>\$ 166,000</u>	<u>\$ 166,000</u>

Remaining Funds Available for Loan Obligations **\$ 40,500,826**

* Early Loan Payoff

Giles County / Minor Hill UD	DW0 2012-102	<u>\$ 2,006,827</u>
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FACT SHEET

SEPTEMBER 22, 2017

Borrower: Town of Bell Buckle
Population: 2,215
County: Bedford County
Consulting Engineer: S&ME, Inc.
Project Number: DW6 2018-200
Priority List Ranking/Points: 3(FY 2016)/45
Recommended Term: 20 years
Recommended Rate: $(2.12 \times 20\%) - (0.25\%) = 0.17\%$

Project Description: Water Booster Station Replacement

Total Project Cost: \$ 166,000

Sources of Funding:

SRF Loan Principal (80%)	\$ 132,800
Principal Forgiveness (20%)	\$ 33,200
Other Funds	\$ -0-

State-Shared Taxes: \$ 65,693

Debt Service:

Prior Loans: (including SRF)	\$ 53,429	81.33%
Proposed Loan:	<u>\$ 6,754</u>	<u>10.28%</u>
Total:	\$ 60,183	91.61%

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

Current Rate:	\$ 38.63
Proposed Rate:	\$ 39.79 (Effective Date: January 01, 2018)
	\$ 40.98 (Effective Date: July 01, 2018)
	\$ 42.21 (Effective Date: July 01, 2019)

Public Meeting: September 05, 2017

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
Bell Buckle DW6 2018-200**

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 \$65,693.

(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 Forgiven	Max: Annual Debt Service
SRF/Sewer	DW1 2012-117	\$400,000	\$120,000	\$15,845
SRF/Water	CW1 2012-300	\$664,225.20	\$73,802.80	\$37,584

(b) The maximum aggregate annual debt service is \$53,429.

(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	0.17%	\$166,000	\$33,200	\$6,754

(b) The anticipated maximum aggregate annual debt service is \$6,754.

(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
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 \$60,183.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$5,510.

Duly signed by an authorized representative of the Local Government on this 18th day of August, 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: Jenny W Hunt
Ms. Jenny Hunt, Mayor

AMENDMENT ONE
to
CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
PUBLIC FINANCIAL MANAGEMENT, INC.

The contract dated December 30, 2014, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller” or “State”) and Public Financial Management, Inc. (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee (“State”) and the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority (collectively, the “Issuers”) to assist the Comptroller in the capacity as Secretary to the Issuers (the “Contract”), is hereby amended as follows:

1. Section A.1. is amended by deleting the current section A.1. in its entirety and inserting the following in its place:

The Contractor agrees to serve the State as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

Lisa Daniel, Managing Director
Lauren Lowe, Director
David Eichenhal, Managing Director
Joshua McCoy, Senior Managing Consultant
Kyle Wright, Senior Analyst
Ricardo Callender, Analyst
Maria Figueroa, Analyst
Nick Yatsula, Senior Analyst
Daniel Kozloff, Managing Director
Daniel Berger, Senior Managing Consultant
Todd Fraizer, Managing Director
Jeff Pinciak, Analyst
John Cochran, Analyst
Mike Harris, Managing Director
Matthew Eisel, Director
Chris Harris, Senior Managing Consultant
Jeff Pearsall, Managing Director
June Matte, Managing Director
Joan DiMarco, Managing Director
Alfred Mukunya, Director
Virginia Rutledge, Director
George Hu, Senior Managing Consultant
Cyrus Yuan, Senior Analyst
Jim Link, Managing Director
Michael Nadol, Managing Director
David Miller, Managing Director

In applying the appropriate hourly rate stated in Section B.3 of this Contract, the title of "Director" will be equal to "Senior Managing Consultant" and the titles of "Senior Analyst" and "Analyst" will be equal to "Consultant."

These individuals will be assisted from time to time by other members of the Contractor's staff. The State has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. Section B.1. is amended by deleting the current section B.1. in its entirety and inserting the following in its place:

For the three-year contract term commencing on January 1, 2015 and ending on December 31, 2017, and for the two-year extension contract term commencing on January 1, 2018 and ending on December 31, 2019, the maximum contract amount shall not exceed \$2,150,000.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October 23, 2014 (the "RFP"). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as adopted by the State and related parties.

3. Section B.2. is amended by deleting the current section B.2. in its entirety and inserting the following in its place:

It is expected that the Maximum Contact Amount will be allocated as follows:

Transactional advisory fees (including special project)	\$1,896,667.00
Retainer fee	\$180,000.00
Reimbursement of expenses	<u>\$73,333.00</u>
TOTAL	\$2,150,000.00-

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this Amendment One to the Contract by their duly authorized representatives on the dates indicated below.

PUBLIC FINANCIAL MANAGEMENT, INC.

By: _____
Lisa Daniel, Managing Director

Date: _____

STATE OF TENNESSEE, OFFICE OF THE COMPTROLLER OF THE TREASURY

By: _____
Justin P. Wilson, Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

Larry Martin, Commissioner of Finance and Administration

Date: _____

DRAFT

**CONTRACT BETWEEN
THE STATE OF TENNESSEE,
OFFICE OF THE COMPTROLLER OF THE TREASURY, AND
PUBLIC FINANCIAL MANAGEMENT, INC.**

This Contract, by and between the State of Tennessee, Office of the Comptroller of the Treasury (“Comptroller” or “State”) and Public Financial Management, Inc. (“Contractor”), for the purpose of retaining Contractor as Financial Advisor to the Comptroller on financial issues of the State of Tennessee (“State”) and the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority (“Issuers”) to assist the Comptroller in the capacity as Secretary to the Issuers.

WITNESSETH: In consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this Contract according to the following provisions:

A. The Contractor agrees to perform the following services:

GENERAL

1. The Contractor agrees to serve the State as financial advisor to the State and to the Issuers. The Contractor will assign the following individuals to provide the services described in this Contract:

Lisa Daniel, Managing Director
Lauren Lowe, Director
David Eichenthal, Managing Director
Joshua McCoy, Senior Managing Consultant
Kyle Wright, Senior Analyst
Ricardo Callender, Analyst
Maria Figueroa, Analyst
Nick Yatsula, Senior Analyst
Daniel Kozloff, Managing Director
Daniel Berger, Senior Managing Consultant
Todd Fraizer, Managing Director
Jeff Pinciak, Analyst
John Cochran, Analyst
Mike Harris, Managing Director
Matthew Eisel, Director
Chris Harris, Senior Managing Consultant
Jeff Pearsall, Managing Director
June Matte, Managing Director
Joan DiMarco, Managing Director
Alfred Mukunya, Director
Virginia Rutledge, Director
George Hu, Senior Managing Consultant
Cyrus Yuan, Senior Analyst
Jim Link, Managing Director
Michael Nadol, Managing Director
David Miller, Managing Director

These individuals will be assisted from time to time by other members of the Contractor’s staff. The State has the right to approve or disapprove any proposed changes in the staff of the Contractor providing services under this Contract from the above listed individuals.

2. The Contractor agrees that during the term of this Contract that it will not underwrite, or assist in the underwriting, of the debt of the State or the Issuers.
3. All computer applications, not subject to licensing agreements, developed by the Contractor for the provision of services under this Contract shall be made available for reimbursement by the State, and the State shall have the option of reimbursement.
4. No reports, information, or data given to or prepared by the Contractor under this Contract shall be made available by the Contractor to any individual or organization other than the State or the Issuers or their members without the prior written approval of the Comptroller, except pursuant to legal process, regulatory requirement, or State open records laws.

PLANNING SERVICES

5. In connection with general debt management and planning, unless otherwise requested, the Contractor agrees to perform the following services:
 - (a) Review outstanding debt of the Issuers and advise as to restructuring and refunding opportunities and evaluate future debt options.
 - (b) Assist with the capital budget process relative to timing and source of funds for capital improvements purposes.
 - (c) Identify financing alternatives/debt structures available to the Issuers and monitor market activity and debt transactions as related to financing needs of the Issuers.
 - (d) Advise and assist in rating maintenance and/or upgrade and assist in communications with rating agencies.
 - (e) Provide general data and analysis of data concerning municipal debt.
 - (f) Advise as to the method of sale (utilization of competitive, negotiated, or private placement) for particular debt transactions.
 - (g) Prepare regular cash flow analyses, credit analyses, market analyses, secondary market information, and modifications to the marketing program for bond issues.
 - (h) Subject to licensing requirements, provide the State, upon request, access to the Contractor's computer software (1) used to prepare cash flow analyses for bonds and (2) used to perform other financial analyses. Assist in establishing electronic document transfer capability between the Contractor and the State. The Contractor will be reimbursed for any time sharing costs incurred by the State's use of these programs outside normal debt issuance.
 - (i) Assist with the development of strategies for the investor program.
 - (j) Assist in establishing accounting systems and procedures to comply with applicable state and federal laws or regulations as they apply to the State's or the Issuers' debt or with the requirements of the State's or the Issuers' bond resolutions or program documents and assist in the training of the Issuers' staff in the implementation of such systems and procedures.

- (k) Participate in the Office of State and Local Finance's strategic planning process and commit to the Office's strategic plan.
- (l) Provide such other reasonably related services as may be requested by the State as it relates to the existing debt programs.

NEGOTIATED SALES

- 6. In connection with the negotiated sales of debt of the State or the Issuers, unless otherwise requested, the Contractor agrees to perform the following services:
 - (a) Review the current status of resolutions, cash flow projections, balance sheet, and contingent obligations.
 - (b) Discuss future program goals and specific requirements of the State or the Issuer relative to administrative costs and program size.
 - (c) Recommend long-term plans for investment strategy, financial exposure, cost projections, prepayment trends and use of unencumbered reserves of the Issuer.
 - (d) Assist in developing a specific financing plan and structure for the State's or the Issuers' programs.
 - (e) Assist in the development of a financing timetable which takes into account market trends, supply of competing issues, and investor purchasing patterns.
 - (f) Assist in preparation of bond resolutions, modifications to existing resolutions, and other financing documents related to the financing.
 - (g) Assist in developing rating agency presentations and follow-up, including agendas and required cash flow analyses.
 - (h) Assist in the preparation of the preliminary and final official statements.
 - (i) Upon request, develop an investment strategy for the various bond funds including, if appropriate, contracting, negotiating with, and taking bids from investment agreement providers.
 - (j) Prepare final cash flows and assist in analyses and preparing yield memorandum for arbitrage certification.
 - (k) Advise on the need for and selection of national and local underwriters.
 - (l) Prepare or assist in the preparation of a final report on the results of each negotiated bond sale including, but not limited to, the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by geographical region and type of investor, pricing and expense characteristics of comparable sales by other issuers, etc.
 - (m) Prepare amortization schedules by project and balance the individual schedules to the final amount of the bond sale.
 - (n) Perform any other services, which, in the judgment of the State and the Contractor, are necessary for successful financings on behalf of the Issuer.

COMPETITIVE SALES

- 7. As financial advisor on bond issues sold through competitive offerings, the Contractor agrees to perform all the services set forth in Paragraph A.6.(a) through (n) inclusive, except the services set forth in item (k). The Contractor also agrees to assist in the preparation of all documents, including but not limited to the notice of sale and bid form, necessary for a successful competitive bond issue, verify all bids submitted, and advise the State of the results of bidding.

SPECIAL PROJECTS

- 8. During the term of this Contract, the State and Contractor may agree to the performance by the Contractor of certain special studies and analyses not associated with the State’s existing programs or not contemplated by Paragraphs A.5 through A.7 above. Charges for such special projects and analyses will be billed at the hourly rates specified in Paragraph B.1 with mutually agreed upon maximum charges and expenses prior to the commencement of work on the project.

B. The State agrees to compensate the Contractor as follows:

MAXIMUM CONTRACT AMOUNT

- 1. For the three-year contract term commencing on January 1, 2015 and ending on December 31, 2017 the maximum contract amount shall not exceed \$1,290,000.

The total contract term budget as referenced above is derived from a set of assumptions provided by the State in the Outline for Proposal for Financial Advisor for State of Tennessee Funding Board, Tennessee State School Bond Authority and Tennessee Local Development Authority, dated October 23, 2014 (the “RFP”). The assumptions and expected related costs are attached to this Contract as Exhibit A. As the RFP stated, the assumptions are subject to change and/or negotiation. However, the total maximum contract amount as noted above is fixed in aggregate as adopted by the State and related parties.

- 2. It is expected that the Maximum Contract Amount will be allocated as follows:

Transactional advisory fees (including special project)	\$1,138,000
Retainer fee	\$ 108,000
Reimbursement of expenses	<u>\$ 44,000</u>
TOTAL	<u>\$1,290,000</u>

PROFESSIONAL SERVICES RELATING TO DEBT

- 3. For planning and transactional professional services rendered pursuant to debt issuance under this Contract, the State shall pay the Contractor at the following hourly rates:

Managing Director & Director	\$300
Senior Managing Consultant	\$250
Senior Analyst & Analyst	\$190

PROFESSIONAL SERVICES RELATED TO STRUCTURED PRODUCTS AND INVESTMENT MANAGEMENT

- 4. Professional services related to transactions involving investment advisory services, including structured products and investment management, will be provided for under a separate Engagement Letter between PFM Asset Management LLC (“PFMAM”) and the State pursuant to

terms agreed to by the respective parties. PFMAM, like Public Financial Management, Inc., is a subsidiary of PFM I, LLC, and is a registered investment advisor under the Investment Advisers Act of 1940.

RETAINER FEES

5. In addition, the State will pay a retainer of \$3,000 per month for consultation and special projects. Monthly, the contractor will provide the contract administrator an advice notice of the number of hours expended by project under the retainer. Assuming 60 hours to assist in establishing a new debt issuance program, the State will pay a maximum of \$18,000. The assumptions and expected related costs are attached to this Contract as Exhibit A.

EXPENSES

6. The State shall reimburse the Contractor for the reasonably required, direct out-of-pocket expenses incurred in connection with providing services pursuant to this Contract and for which proper documentation is received. Such expenses shall include Contractor's counsel (except that the Comptroller retains the right to review and approve in advance the compensation of such counsel), travel, and communications. Maximum out-of-pocket expenses for the three-year contract term commencing January 1, 2015 and ending December 31, 2017 shall not exceed \$44,000.

BILLINGS

7. Prior to beginning work on a debt transaction or a specific planning service, the Contractor and the Comptroller will mutually agree upon a maximum amount for fees (and for out-of-pocket expenses if anticipated to be significant) for that particular transaction or planning service. The Contractor agrees that it will not be compensated for services or reimbursed for any expenses above the maximum amount agreed upon for the particular project without the prior approval of the Comptroller.
8. Amounts for reimbursements for computer applications included in Paragraph A.3 have not been included in the total compensation amount. This Contract will have to be amended to authorize payment of a specific amount in compensation for such computer programs.
9. Billings will be submitted **at least quarterly**. The Contractor agrees, when requesting payment pursuant to Paragraph B.1 above, to submit to the Comptroller invoices or other documentation clearly indicating the number of hours worked, the individual providing the service, the Issuer and project for which the service was rendered, and a brief description of the service provided. The Contractor further agrees, when requesting reimbursement for expenses pursuant to Paragraph B.2 above, to submit to the Comptroller invoices or other documentation clearly indicating the type of expenses, and, where appropriate, the individual incurring the expense.
10. Reimbursement for travel expenses (including but not limited to transportation, meals, and lodging) shall be in the amount of actual cost to the Contractor, subject to maximum amounts and limitations specified in the State Comprehensive Travel Regulations, as they may be from time to time amended, except as specifically approved in writing by the Comptroller.

C. The parties further agree that the following shall be essential terms and conditions of this Contract.

ESSENTIAL TERMS AND CONDITIONS

1. The Contractor warrants that no part of the compensation provided herein shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in

exchange for acting as officer, agent, employee, sub-contractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

2. No person on the ground of handicap, disability, race, color, religion, sex, age, or national origin, will be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract, or in the employment practices of the Contractor. The Contractor shall upon request show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notices of non-discrimination.
3. The Contractor, being an independent contractor and not an employee of the State of Tennessee, agrees to carry adequate public liability and other appropriate forms of insurance and to pay all taxes incident hereunto. The State shall have no liability except as specifically provided in this Contract.
4. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
 - a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment Reference, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
 - b. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - c. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - d. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
5. The Contract is subject in part to the appropriation and availability of State funds. In the event that such funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract, in whole or in part, upon written notice to the Contractor. The State's exercise of its right to terminate this Contract, in whole or in part, shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the portion of the Contract that has been terminated (if the Contract has been partially terminated) or of the whole Contract (if the whole Contract has been terminated). If the State terminates this Contract, in whole or in part, due to lack of funds availability, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract, in whole or in part, due to unavailability of funds, the Contractor shall have no right to recover from the State any

actual, general, special, incidental, consequential, or any other damages of any description or amount.

6. The term of this Contract shall be from January 1, 2015 to December 31, 2017. To the extent permitted by applicable law and policies then in effect, this contract may be extended in writing by both parties upon such terms and conditions upon which mutual agreement is reached. The termination date of any such contract extension shall be no later than December 31, 2019.
7. This Contract may be terminated by the State by giving written notice to the Contractor, at least thirty (30) days before the effective date of termination. In the event of early termination, the Contractor shall be entitled to receive just and equitable compensation for any satisfactory authorized work completed as of the termination date. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract. The Contractor may terminate the Contract by giving written notice to the State at least ninety (90) days before the effective date of termination.
8. If the Contractor fails to fulfill in a timely and proper manner its obligations under this Contract, or if the Contractor shall violate any of their terms of this Contract, the State shall have the right to immediately terminate this Contract and withhold payments in excess of fair compensation for work completed. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor and the State may seek other remedies allowed at law or in equity for breach of this Contract.
9. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
10. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
11. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
12. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of negligent or intentionally wrongful acts or omissions on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.

13. In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.
14. The Contractor certifies, to the best of its knowledge and belief, that it and its current and future principals:
 - a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
 - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.
15. The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances its principals are excluded or disqualified.
16. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaroud plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

17. This Contract may be modified only by written amendment executed by all parties hereto.
18. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the Comptroller or its duly appointed representative. The records shall be maintained in accordance with generally accepted accounting principles and at no less than those recommended in the Accounting Manual for Recipients of Grant Funds in Tennessee, published by the Comptroller of the Treasury, State of Tennessee.
19. The Contractor shall not assign this Contract or enter into subcontracts for any of the work described herein.
20. The Contractor shall comply with all applicable federal and State laws and regulations in the performance of its duties under this Contract.
21. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.
22. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
23. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
24. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
 - a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below);
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to proposers during the procurement process to award this Contract; and,
 - f. the Contractor's response seeking this Contract.

25. While the Contractor may provide advice and recommendations to the State regarding investment and long term financial planning issues, it is acknowledged that the State makes all investment and long term financial planning decisions at its own discretion.

NOTICE AND AUTHORIZED REPRESENTATIVES

26. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

For the State:

Justin P. Wilson, Comptroller of the Treasury
State of Tennessee
600 Charlotte Avenue, First Floor, Capitol
Nashville, Tennessee 37243
615-741-2501
FAX: 615-741-741-7328

Sandra Thompson, Director of the Office of State and Local Finance
Comptroller of the Treasury,
State of Tennessee
505 Deaderick Street, James K. Polk Building
Suite 1600
Nashville, Tennessee 37243-1402
615-747-5380
FAX: 615-741-5986

For the Contractor:

Lauren Lowe, Director

Lisa Daniel, Managing Director

Public Financial Management, Inc.
530 Oak Court Drive, Suite 160
Memphis, Tennessee 38117
901-682-8356
FAX: 901-682-8386

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

PUBLIC FINANCIAL MANAGEMENT, INC.

By: _____
Lisa Daniel
Managing Director

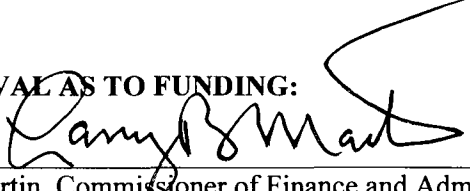
Date: _____

**STATE OF TENNESSEE, OFFICE OF THE
COMPTROLLER OF THE TREASURY**

By: _____
Justin P. Wilson
Comptroller of the Treasury

Date: 12/30/2014

APPROVAL AS TO FUNDING:



Larry Martin, Commissioner of Finance and Administration

Date: 12/30/2014

IN WITNESS WHEREOF, the parties have signed this Contract by their duly authorized representatives on the dates indicated below.

PUBLIC FINANCIAL MANAGEMENT, INC.

By: Lisa L. Daniel
Lisa Daniel
Managing Director

Date: 12/30/2014

**STATE OF TENNESSEE, OFFICE OF THE
COMPTROLLER OF THE TREASURY**

By: _____
Justin P. Wilson
Comptroller of the Treasury

Date: _____

APPROVAL AS TO FUNDING:

Larry Martin, Commissioner of Finance and Administration

Date: _____

**EXHIBIT A
ASSUMPTIONS FOR CALCULATING ADVISORY FEE**

	FY 2015 6 mos	FY 2015-2016	FY 2016-2017	FY 2018 6 mos	Total
I. Advisory Fees					
Issuance of Debt					
General Obligation Bond Issue - Competitive	0	0	1 57,000	1 57,000	114,000
General Obligation Bond Issue - Negotiated	1 55,000	1 55,000	1 55,000	0	165,000
General Obligation Refunding Bond Issue - Negotiated	1 59,500	1 59,500	1 59,500	0	178,500
TSSBA Bond Issue	1 80,000	1 80,000	1 80,000	1 80,000	320,000
TSSBA Refunding Bond Issue	0	1 120,000	1 120,000	0	240,000
Qualified Zone Academy Bond Issue	0	0	0	0	
TLDA Bond Issue - Competitive	0	0	0	1 57,500	57,500
TLDA New Issue (1 Year Note) - Competitive	0	1 45,000	0	0	45,000
Total for Issuance of Debt	194,500	359,500	371,500	194,500	1,120,000
Special Project (Hourly Rate \$300 * 60 hours)		18,000			18,000
Total Advisory Fee	194,500	377,500	371,500	194,500	1,138,000
II. Retainer Fee (\$3,000 per month)	18,000	36,000	36,000	18,000	108,000
III. Expenses	9,000	13,000	13,000	9,000	44,000
I - III. Total Contract Amount					1,290,000