

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

NOVEMBER 8, 2017

AGENDA

REVISED

1. Call Meeting to Order
2. Approval of Minutes from the TLDA meeting of September 22, 2017
3. Update on Qualified Energy Conservation Bonds (QECB) projects
4. Consider for approval the following CWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Jasper CG3 2018-400	\$ 569,497	\$ 29,974	\$ 599,471	1.45%
Jasper SRF 2018-401	\$ 150,529	\$ -	\$ 150,529	1.45%

5. Consider for approval the following DWSRF loan:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Carthage DWF 2018-199	\$ 65,000	\$ -	\$ 65,000	1.23%

6. Report on the notification by the City of Sweetwater submitted to comply with TLDA SRF Policy and Guidance for Borrowers.
7. Request from Jackson Energy Authority to issue Wastewater System Revenue Refunding Bonds, Series 2017, in an amount not to exceed \$15,000,000 on parity with its SRF loans
8. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
September 22, 2017

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Friday, September 22, 2017, at 11:10 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:

Whitney Goetz, Proxy for the Honorable David Lillard, State Treasurer
The Honorable Justin Wilson, Comptroller of the Treasury
Angela Scott, Proxy for 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
Ms. Scott — Present
Mr. Wilson — Present
Mr. Hargett — Present
Ms. Goetz — 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 August 17, 2017. Dr. Moore made a motion to approve the minutes, Mr. Wilson seconded the motion, and Ms. Thompson called the roll:

Mr. Wolfe — Aye
Ms. Scott — Aye
Mr. Wilson — Aye
Mr. Hargett — Aye
Ms. Goetz — Aye
Dr. Moore — Aye

The minutes were unanimously approved.

Mr. Hargett then stated that the next item on the agenda was a report on the notification by the City of Lafayette (the "City") 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 City informing the TLDA that they plan on issuing debt that would be subordinate to its SRF loans. Ms. Thompson stated that the TLDA's Policy and Guidance only requires the City to provide notification of the issuance to the TLDA, and therefore no approval is required. Mr. Hargett asked if there were any questions. Hearing none, he continued.

Mr. Hargett stated that the next item was to consider for approval several Clean Water SRF loans and he stated that without objection they would consider the City of Franklin loans as one item and the Lincoln County loans as a separate item. Mr. Hargett then recognized Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation (“TDEC”) SRF program, to present the balance of the fund. Mr. Smith stated that as of the August 17, 2017 TLDA meeting there was a balance in the clean water fund of \$107,614,592. Mr. Smith also stated there were increases back to the fund from the remaining Fiscal Year 2015 Environmental Protection Agency (“EPA”) Capitalization Grant and the Petroleum Violation Escrow (“PVE”) state matching funds, making the unobligated balance \$121,397,479. Mr. Smith stated that the projects presented for approval totaled \$102,216,450, which would leave an available balance of \$19,181,029 for loan obligations. Mr. Smith then stated that TDEC was expecting additional capitalization grants to come through which would increase the balance of the fund. Mr. Hargett asked how much Mr. Smith expected in capitalization grants. Mr. Smith stated that he expected approximately \$35,000,000 in capitalization grants and with repayments to the fund he expected the fund balance to be around \$80,000,000 at the next meeting.

Mr. Smith then presented the following loan requests:

- City of Franklin (CG5 2017-375)—Requesting \$1,500,000 (\$1,275,000 (85%) loan; \$225,000 (15%) principal forgiveness) for Green – Wastewater treatment plant (WWTP) improvements, advanced treatment (biosolids process improvements) and WWTP upgrades / expansion advanced treatment (expansion from 12 million gallons per day (MGD) to 16 MGD – Expand headworks, new basins and filters for nutrient removal, equalization basin (EQ) basin and hydraulic upgrades, and ultraviolet (UV) disinfection upgrades), and reuse pump station modifications; recommended interest rate of 1.47% based on the Ability to Pay Index (ATPI).
- City of Franklin (SRF 2017-376)—Requesting \$78,500,000 for Green –WWTP improvements, advanced treatment (biosolids process improvements) and WWTP upgrades / expansion advanced treatment (expansion from 12 MGD to 16 MGD – Expand headworks, new basins and filters for nutrient removal, EQ basin and hydraulic upgrades, and UV disinfection upgrades), and reuse pump station modifications; recommended interest rate of 1.47% based on the ATPI.
- City of Franklin (SRF 2017-398)—Requesting \$20,000,000 for Green –WWTP improvements, advanced treatment (biosolids process improvements) and WWTP upgrades / expansion advanced treatment (expansion from 12 MGD to 16 MGD – Expand headworks, new basins and filters for nutrient removal, EQ basin and hydraulic upgrades, and UV disinfection upgrades), and reuse pump station modifications; recommended interest rate of 1.47% based on the ATPI.

Mr. Smith stated that there were comments as a result of the public meeting held on July 14, 2016. Mr. Smith stated that the city of Franklin had addressed the comments they had received. Mr. Smith then stated that the State Revolving Fund Loan Program had also received comments when it issued a Finding of No Significant Impact (“FONSI”) in June of 2017, and they had addressed those comments. Mr. Smith stated that they had sent the comments and the FONSI to Environmental Protection Agency (EPA) for their consideration and the EPA had concluded that the comments TDEC had received were not substantial. Mr. Smith stated that as a result TDEC recommended approval of the three loans. Mr. Hargett recognized Eric Stuckey, city administrator for the city of Franklin, who stated that the WWTP project was very important and allows them to serve their community at a very high level and that upgrades both the capacity and technology of the city.

Mr. Hargett then stated that he had been advised by the Attorney General’s office that there may be some outstanding issues related to this loan, but that he did not believe they affected the TLDA’s ability to make the loan. Mr. Smith then stated that there has been an appeal to the National Pollutant Discharge Elimination System (NPDES) permit that was issued. Mr. Smith stated that the permit reduced the amount of nutrients that could be discharged while increasing the amount of discharge allowed. Mr. Wilson then asked if the loan carried the full faith and credit of the city of Franklin. Mr. Smith stated that it did. Mr. Wilson then asked if the facility would still be operable by the city of Franklin if the challenge to the NPDES permit were successful. Mr. Smith affirmed that even if the permitted amounts were reduced it would not affect the ability to build and operate the plant.

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

Mr. Wolfe — Aye
Ms. Scott — Aye
Mr. Wilson — Aye
Mr. Hargett — Aye
Ms. Goetz — Aye
Dr. Moore — Abstain

Mr. Hargett stated that the loans were approved by a vote of 5-0-1. (Dr. Moore who also serves as mayor of the city of Franklin abstained due to a potential conflict of interest.)

Mr. Hargett then stated that they would now consider the two proposed loans to Lincoln County. Mr. Hargett recognized Mr. Smith who presented the following loan requests:

- Lincoln County Board of Public Utilities (CG5 2017-387)—Requesting \$1,531,250 (\$306,250 (20%) loan; \$1,225,000 (80%) principal forgiveness) for Green – Water meter replacements; recommended interest rate of 0.82% based on the ATPI.
- Lincoln County Board of Public Utilities (SRF 2017-388)—Requesting \$685,200 for Green – Water meter replacements; recommended interest rate of 0.82% based on the ATPI.

Mr. Smith stated that this was the second of two projects that would be funded using Petroleum Violation Escrow (PVE) funds that the Commissioner of TDEC approved for use as state matching funds. Mr. Smith stated that the entire amount of principal forgiveness on the loan was from the PVE funds.

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

Mr. Wolfe — Aye
Ms. Scott — Aye
Mr. Wilson — Aye
Mr. Hargett — Aye
Ms. Goetz — Aye
Dr. Moore — Aye

The motion passed unanimously.

Mr. Hargett then stated that the next item on the agenda was to consider the drinking water loan for approval and recognized Mr. Sherwin Smith to present the Drinking Water balance sheet. Mr. Smith stated that the unobligated balance as of the August 17, 2017 was \$38,659,999. Mr. Smith then explained that the fund had an increase of \$2,006,827 due to an early payoff resulting in a balance of \$40,666,826. Mr. Smith stated that the projects to consider for approval totaled \$166,000, which would leave a remaining unobligated balance of \$40,500,826.

Mr. Smith then presented the following loan requests:

- Town of Bell Buckle (DW6 2018-200)—Requesting \$166,000 (\$132,800 (80%) loan, \$33,200 (20%) principal forgiveness) for water booster station replacement; recommended interest rate of 0.17% based on the ATPI.

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

Mr. Wolfe — Aye
Ms. Scott — Aye
Mr. Wilson — Aye
Mr. Hargett — Aye
Ms. Goetz — Aye
Dr. Moore — Aye

The motion passed unanimously.

Mr. Hargett stated that the next item on the agenda was consideration of approval of an amendment to the contract with Public Financial Management (“PFM”). Mr. Hargett stated that the proposed amendment would extend the contract by one-year and instead of two as the proposed amendment had indicated. Mr. Hargett stated that in the previous TSSBA meeting, he and the Comptroller had agreed that a one-year extension would be more optimal than a two-year extension. Mr. Hargett then stated that this was not a negative reflection on PFM, but rather that a one-year extension is a more optimal extension. Mr. Hargett then recognized Ms. Thompson who stated that OSLF had been notified that PFM has changed its name to PFM Financial Advisors LLC due to a new municipal advisory rule.

Mr. Hargett made a motion to approve the amendment, Dr. Moore seconded the motion, and Ms. Thompson called the roll:

Mr. Wolfe — Aye
Ms. Scott — Aye
Mr. Wilson — Aye
Mr. Hargett — Aye
Ms. Goetz — Aye
Dr. Moore — Aye

The motion passed unanimously.

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

Mr. Wolfe — Aye
Ms. Scott — Aye
Mr. Wilson — Aye
Mr. Hargett — Aye
Ms. Goetz — Aye
Dr. Moore — Aye

The motion was unanimously approved.

Approved on this _____ day of _____, 2017.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

QECB Update – Total State Allocation (October 2017)

Total State Allocation	64,676,000		
Allocation for Large Local Jurisdictions (LLJs)			35,998,072
Allocation to State			28,677,928
		Utilized/Retained	Reallocated
Allocation for LLJs	35,998,072		
Chattanooga ¹		1,767,919	
Clarksville ²		1,240,000	
Hamilton County ³		1,668,015	
Memphis ⁴		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 ⁴			3,657,644
Knox County ⁶			12,450,000
City of Lebanon ⁷			3,500,000
City of Paris ⁸			2,530,000
Williamson County ⁹			10,115,000
Memphis ¹⁰			2,142,850
			12,148,245
Total Allocation Remaining			12,148,245

¹ As of September 2017, Chattanooga was evaluating projects for which it will use QECBs.

² Clarksville issued an RFP for a street light improvement project. Bond issuance closed for this project (\$1,240,000) on March 23, 2016. On June 10, 2016, the City of Clarksville submitted a letter to the Tennessee Department of Environment and Conservation's Office of Energy Programs (TDEC OEP), noting that it would like to reallocate the \$1,344 in unissued bonds from its LLJ allocation back to the State.

³ As of September 2017, Hamilton County had not yet identified a project for which they will use QECBs.

⁴ 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.

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.

⁸ The bond issuance for Paris' suballocation project (\$2,530,000), which will fund the upgrade of street lights to LED 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, closed on June 5, 2017. Note: The City of Paris originally requested and TLDA approved a \$2,532,500 suballocation for this project. On September 1, 2017, the City of Paris submitted a letter to TDEC OEP, noting that it would like to reallocate the \$2,500 in unissued bonds from its approved allocation back to the State.

⁹ The bond issuance for Williamson County' suballocation project (\$10,115,000), which will finance energy conservation measures within 14 Williamson County School buildings, closed on September 30, 2017. Note: Williamson County originally requested and TLDA approved a \$10,200,000 suballocation for this project. On September 7, 2017, Williamson County submitted a letter to TDEC OEP, noting that it would like to reallocate the \$85,000 in unissued bonds from its approved allocation back to the State.

¹⁰ The bond issuance for a fourth Memphis' Green Communities Program suballocation project (\$2,142,850), which will support energy efficiency upgrades to the Southbrook Towne Center, closed on September 18, 2017.

QECB Program Updates for Suballocations under the 3rd RFP

The updates below are current as of October 24, 2017.

- **City of Paris:** OEP recommended and TLDA approved a \$2,532,500 suballocation for an energy savings performance contract that will include the upgrade of street lights to LED 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 of \$2,530,000 in QECBs closed on June 5, 2017.
 - On September 1, the City of Paris submitted a letter to OEP, noting that it would like to reallocate the \$2,500 in unissued bonds from its approved allocation back to the State.
 - Within the quarter, a test area encompassing approximately 30 street lights was changed out to evaluate the appropriateness of the selected new LED wattage. The full-scale replacement of the street lights is expected to begin in Q4 and be complete by Q1 2018.
 - The retrofit of interior and exterior lighting in city-owned buildings is 95% complete and is expected to be completed in Q4.
 - Programmable thermostats and Vendor Misers are currently being selected and ordered, and are scheduled to be installed in Q4.
 - The natatorium dehumidifier was installed in September and the commissioning is expected to occur in Q4.
- **Williamson County:** OEP recommended and TLDA approved a \$10,200,000 suballocation, which will finance the first of at least three phases of an energy savings performance contract. During the first phase, various energy conservation measures will be performed within 13 Williamson County Schools. Issuance of \$10,115,000 in QECBs closed on August 30, 2017.
 - On September 6, OEP Program Manager conducted a QECB compliance workshop in Williamson County with representatives from the County and from Trane. Eight people were in attendance.
 - On September 7, Williamson County submitted a letter to OEP, noting that it would like to reallocate the \$85,000 in unissued bonds from its approved allocation back to the State.
 - Within the quarter, the following measures were completed:
 - **Bethesda Elementary School:** Building weatherization, exterior site lighting upgrade and improvement, interior lighting upgrade, vending and snack misers
 - **Brentwood High School:** Building weatherization
 - **Centennial High School:** Building weatherization
 - **Chapman's Retreat Elementary School:** Water/waste water conservation measures
 - **College Grove Elementary School:** Building weatherization, water/waste water conservation measures
 - **Fairview High School:** Building weatherization
 - **Fairview Middle School:** Building weatherization
 - **Franklin High School:** Building weatherization, water/waste water conservation measures
 - **Grassland Middle School:** Building weatherization
 - **Heritage Middle School:** Building weatherization
 - **Pearre Creek Elementary School:** Exterior site lighting upgrade, interior lighting upgrade, vending and snack misers
 - **Scales Elementary School:** Building weatherization, water/waste water conservation measures

- **Westwood Elementary School:** Building weatherization, water/wastewater conservation measures
 - Scheduled completion for this project is June 2018.
- **EDGE / City of Memphis:** OEP recommended and TLDA approved a \$2,142,850 suballocation, which will support energy efficiency upgrades to the Memphis Green Communities Program's Southbrook Towne Center. The project includes the replacement of the roof with an energy efficient roof system, an upgraded HVAC system, and an upgrade to the building's electrical power grid. Issuance of \$2,142,850 in QECCBs closed on September 18, 2017.
 - On October 4, OEP Program Manager conducted a QECCB compliance workshop in Memphis with representatives from the City and the Southbrook Towne Center. Six people were in attendance.

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program
Funds Available for Loan Obligation
November 8, 2017

Unobligated Balance as of September 22, 2017 **\$ 19,181,029**

Increases:

FFY 2016 EPA Capitalization Grant (balance of funds)	\$	12,285,000	
State Matching of Federal Grant	\$	2,457,000	
FFY 2017 EPA Capitalization Grant	\$	19,259,000	
State Matching of Federal Grant	\$	3,851,800	
FY 2017 Principal & Interest Repayments (unaudited)	\$	33,366,725	
FY 2017 Treasury Interest (unaudited)	\$	2,371,764	
			\$ 73,591,289

Unobligated Balance as of September 22, 2017 **\$ 92,772,318**

Applicants:

	<u>Loan Number</u>	<u>Loan Amount</u>		
Jasper (Subsidized @ \$29,974)	CG3 2018-400	\$ 599,471		
Jasper	SRF 2018-401	\$ 150,529		
				\$ 750,000

Remaining Funds Available for Loan Obligations **\$ 92,022,318**

FACT SHEET

NOVEMBER 08, 2017

Borrower: Town of Jasper
Population: 3,279
County: Marion County
Consulting Engineer: McGill Associates
Project Number: CG3 2018-400
Priority List Ranking/Points: 39 (FY 2017)/30
Recommended Term: 20 years
Recommended Rate: $(2.13 \times 80\%) - (0.25\%) = 1.45\%$

Project Description: Green I/I Correction (Rehabilitation/replacement of 8-inch and 10-inch diameter sewerlines and manhole rehabilitation in the Downtown Area).

Total Project Cost: \$ 750,000

Sources of Funding:

SRF Loan Principal (95%)	\$ 569,497
Principal Forgiveness (5%)	\$ 29,974
Other Funds (SRF 2018-401)	\$ 150,529

State-Shared Taxes: \$ 418,153

Debt Service:

Prior Loans: (including SRF)	\$ 0.00	0.00%
Proposed Loan:	\$ 41,495.00	9.92%
Total:	\$ 41,495.00	9.92%

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

Current Rate: \$ 29.00

Public Meeting: August 01, 2017

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES**

**Town of Jasper
CG3 2018-400**

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 \$418,153.
- (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 Forgiven	Anticipated Max. Annual Debt Service
SRF/Sewer	1.45%	\$599,471	\$29,974	\$32,820
SRF/Sewer	1.45%	\$150,529	\$0	\$8,675

- (b) The anticipated maximum aggregate annual debt service is \$41,495.
- (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 \$41,495.
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$376,658.

Duly signed by an authorized representative of the Local Government on this 11th day of September, 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: 
Paul W. Evans, Mayor

FACT SHEET

NOVEMBER 08, 2017

Borrower: Town of Jasper
Population: 3,279
County: Marion County
Consulting Engineer: McGill Associates
Project Number: SRF 2018-401
Priority List Ranking/Points: 39 (FY 2017)/30
Recommended Term: 20 years
Recommended Rate: $(2.13 \times 80\%) - (0.25\%) = 1.45\%$

Project Description: Green I/I Correction (Rehabilitation/replacement of 8-inch and 10-inch diameter sewerlines and manhole rehabilitation in the Downtown Area).

Total Project Cost: \$ 750,000

Sources of Funding:

SRF Loan Principal \$ 150,529
Other Funds (CG3 2018-400) \$ 599,471

State-Shared Taxes: \$ 418,153

Debt Service:

Prior Loans: (including SRF)	\$ 0.00	0.00%
Proposed Loan:	\$ 41,495.00	9.92%
Total:	\$ 41,495.00	9.92%

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

Current Rate: \$ 29.00

Public Meeting: August 01, 2017

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES**

**Town of Jasper
SRF 2018-401**

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 \$418,153.

(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 Forgiven	Anticipated Max. Annual Debt Service
SRF/Sewer	1.45%	\$599,471	\$29,974	\$32,820
SRF/Sewer	1.45%	\$150,529	\$0	\$8,675

(b) The anticipated maximum aggregate annual debt service is \$41,495.

(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 \$41,495.

(6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$376,658.

Duly signed by an authorized representative of the Local Government on this 14th day of September, 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: 
Paul W. Evans, Mayor

SALs - 10/26

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
November 08, 2017

Unobligated Balance as of September 22, 2017 \$ 40,500,826

Increases:

Loan Number

Loan Amount

FY 2017 EPA Capitalization Grant Award (net of set-asides)		\$ 6,686,080	
State Match of Capitalization Grant		\$ 1,648,200	
FY 2017 Principal and Interest Repayments		\$ 9,028,181	
FY 2017 Treasury Interest		\$ 423,866	
Loan Decreases (See Note below)		\$ 278,802	\$ 18,065,129

Unobligated Balance as of November 8, 2017 \$ 58,565,955

Applicants:

Loan Number

Loan Amount

Carthage	DWF 2018-199	\$ 65,000	
			\$ 65,000

Remaining Funds Available for Loan Obligations \$ 58,500,955

* Loan Decreases

Carthage	DG3 2016-169	\$ 9,466	
First U. D. of Tipton County	DW3 2015-165	\$ 5,778	
First U. D. of Tipton County	DWF 2015-166	\$ 263,558	
			\$ 278,802

FACT SHEET

NOVEMBER 08, 2017

Borrower: Carthage
Population: 2,718
County: Smith County
Consulting Engineer: Warren & Associates Engineering, PLLC
Project Number: DWF 2018-199
Priority List Ranking/Points: 7, 8(FY 2014)/45, 45
Recommended Term: 20 years
Recommended Rate: $(2.12 \times 70\%) - (0.25\%) = 1.23\%$

Project Description: Water Treatment Plant Improvements

Total Project Cost: \$1,657,000

Sources of Funding:

SRF Loan Principal \$ 65,000
Other Funds (DW4 2016-170) \$ 1,592,000

State-Shared Taxes: \$ 296,706

Debt Service:

Prior Loans: (including SRF)	\$ 117,140	39.48%
Proposed Loan:	\$ 3,668	1.24%
Total:	\$120,808	40.72%

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

Current Rate: \$ 37.50

Public Meeting: October 26, 2015

**REPRESENTATION OF THE LOCAL GOVERNMENT
AS TO LOANS AND STATE-SHARED TAXES
Carthage DWF 2018-199**

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 \$296,706.

- (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	CW3 2014-344	\$625,000	\$31,250	\$32,220
SRF/Water	DG3 2016-169	\$374,500	\$93,625	\$16,176
SRF/Water	DW4 2016-170	\$1,592,000	\$398,000	\$68,744

- (b) The maximum aggregate annual debt service is \$117,140.

- (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	Anticipated Max. Annual Debt Service
SRF/Water	1.23%	\$65,000	\$3,668

- (b) The anticipated maximum aggregate annual debt service is \$3,668.

- (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 \$120,808.

- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$175,898.

Duly signed by an authorized representative of the Local Government on this 7th day of September, 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: _____

Donnie Dennis, Mayor

City of Sweetwater

P.O. Box 267, 203 Monroe Street
Sweetwater, TN 37874

Phone (423) 337-6979
Fax (423) 337-9663
www.sweetwatertn.net



Doyle Lowe, Mayor
Billy G. West, Vice Mayor
Jessica P. Morgan, Recorder

Commissioners
Lamar Hughes
Sam Moser
Edward Lee
Billy W. Stockton

October 23, 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 Sweetwater, Tennessee (the "City") – Water and Sewer Revenue and Tax Bonds,
Series 2017 (the "Bonds")

Dear Ms. Thompson:

The City proposes to issue two Bonds to the United States Department of Agriculture in order to finance water and sewer system improvements and extensions. The Bond will be secured by a pledge of water and sewer revenues subordinate to the pledge of revenues in favor of the City's 2004 and 2006 State Revolving Fund Loans. Please consider this letter notice of the issuance of the Bond, as required by the TLDA's SRF Policy & Guidance for Borrowers.

Sincerely,

A handwritten signature in blue ink, appearing to read "Doyle F. Lowe".

Doyle F. Lowe
Mayor of Sweetwater

23727034.1

City of Sweetwater is an Equal Opportunity
Provider. Complaints of discrimination
should be sent to: Recorder's Office,
P.O. Box 267, Sweetwater, TN 37874



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE

October 30, 2017

Jackson Energy Authority

Request for TLDA Approval to Issue Additional Debt

The Jackson Energy Authority (the "Authority") is requesting approval from the Tennessee Local Development Authority (TLDA) to issue refunding bonds in an amount not to exceed \$15,000,000 on parity with its outstanding State Revolving Fund (SRF) loan agreements (see chart below). A formal request to the TLDA for approval is required by provisions set forth in the State Revolving Fund (SRF) loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*.

1. The requestor is a:

Utility District or Water/Wastewater Authority planning to issue Revenue Debt

Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? Yes No

Municipality (town/city/county) planning to issue:

General Obligation Debt

Revenue Debt – Will the proposed debt be secured by revenues other than revenues of the water/wastewater system (e.g. electric, gas)? Yes No

2. Lien Position:

The borrower is requesting to issue the refunding bonds on parity with its outstanding SRF loan(s).

(NOTE: The Authority originally issued the 2009 bonds prior to entering into all of its SRF loans. The 2009 Bonds currently have a senior lien position to the Authority's SRF loan agreements.)

The borrower is requesting subordination of its outstanding SRF debt to the new debt issuance.

The borrower is not requesting a modification of lien position and the proposed debt will be issued subordinate to the SRF debt.

3. The purpose of the proposed debt issuance is:

Refunding (The Authority will issue fixed rate debt to refund variable rate debt. The Authority will also terminate an outstanding interest rate Swap Agreement using proceeds from the refunding bonds.)

New Money

Both

4. Description and Additional Information:

The Jackson Energy Authority plans to issue an estimated \$8,275,000* Wastewater System Revenue Refunding Bonds, Series 2017, (the "Series 2017 Refunding Bonds"). The proceeds of the Series 2017 Refunding Bonds combined with the Authority's accumulated funds from its special escrow account will be used to current refund approximately \$33,460,000 Wastewater System Refunding Revenue Bonds, Series 2009 (the "Series 2009 Bonds"), and terminate the interest rate Swap Agreement associated with the Series 2009 Bonds. The Authority originally issued the Series 2009 Bonds prior to entering into all of its SRF Loan Agreements. The Series 2009 Bonds currently have a senior lien position to the Authority's SRF Loan Agreements

**The Authority plans to issue the Series 2017 Refunding Bonds at a premium; however, a change in market rates could result in the bonds being issued at par or a discount. Additionally, market conditions at the time the Authority removes funds from the escrow investment account could change the amount of bonds needed to call the Series 2009 Bonds. As a result, the Authority is requesting to issue bonds at an amount not to exceed \$15 million.*

5. The debt rating of the borrower is:

Please indicate N/R if not rated.

Aa3 Moody's

AA Standard and Poor's

N/R Fitch

6. The following SRF loans are currently authorized/outstanding:

Date Approved	Loan Type	Loan Number	Total Approved Loan*	Outstanding Loan Balance, if applicable (as of 6/30/2017)
September 27, 2012	SRF/Sewer	CWO 13-313	\$1,618,950	\$1,429,106
September 27, 2012	SRF/Sewer	SRF 13-314	8,953,352	8,809,650
October 29, 2015	SRF/Sewer	CG2 16-363	2,000,000	1,936,796
April 7, 2016	SRF/Sewer	CG3 16-361	3,800,000	1,167,524
April 7, 2016	SRF/Sewer	CG4 16-362	3,720,000	N/A
June 9, 2016	SRF/Sewer	CG2 16-368	2,000,000	N/A
March 21, 2017	SRF/Sewer	CG2 17-383	1,400,000	N/A

*Net of principal forgiveness

7. Compliance with SRF Loan Agreement:

- **Timely repayments [4.(a)]**

Yes No

- **Security Deposit (UDs and Authorities) [8.]**

Amount on deposit: \$957,059 (The security deposits for loan agreements CG4 16-362 and CG2 16-368 were not required to be funded as of 10/30/2017.)

- **GAAP Accounting and Audited Annual Financial Statement Requirement [7.(g) and (m)(2)]**

The Authority has timely filed its audited financial statements with the Division of Local Government Audit through fiscal year 2016. The fiscal year 2016 audit was filed within six months after the Authority's fiscal year end. As of the date of this report the fiscal year 2017 audit had not been filed with the Division of Local Government Audit; however, the Authority provided a draft of its 2017 financial statements.

- **Sufficient Revenues [7.(k)]**

For the fiscal year ended June 30, 2017, the draft of the Authority's financial statements reflected operating income of \$3,399,754, and a positive change in net position of \$3,419,598 for the wastewater division. The Authority's statement of cash flows reflected debt service payments of \$2,211,556, consisting of principal payments of \$355,597 and interest payments of \$1,855,959 for the wastewater division.

As of fiscal year end 2017, the Authority reported \$8,575,297 in unrestricted cash and \$26,059,296 in cash restricted for debt service, which includes debt service reserves.

- **Debt Service Coverage Ratios [7.(l) and (m)(4)]**

The current and projected Debt Service Coverage Ratio is equal to or exceeds 1.2 times.

Yes No

The Authority's debt service coverage ratio was 2.70x for fiscal year 2017 and is estimated to be 2.39x for fiscal year 2018 (as projected by the Authority). The Authority has met the debt service coverage requirement for fiscal year 2017.

The Authority projects that it will meet the debt service coverage requirement with estimated debt service to net revenues ranging from 2.58x to 2.64x for fiscal years 2019 through 2022.

- **Is the entity currently under the jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB)?**

[7.(n)]

Yes (Water Loss Financial Distress)

No

8. State-Shared Taxes (SST): (Towns, Cities, Counties): N/A

\$ _____ Received in prior fiscal year

\$ _____ Total Maximum Annual Debt Service

\$ _____ Unobligated SSTs

9. Compliance

Is the Authority in compliance with: (X if yes):

- Covenants and representations set forth in loan agreement
- Guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*
- Submission of audited financial information for the most recent fiscal year
- Provided financial projections for the three years following the issuance of the debt
- Debt service coverage ratio requirement (current and projected)
- N/A If debt coverage is below 1.2 times, or the entity is under the jurisdiction of the UMRB or the WWFB, a schedule of revised rates and fees along with a copy of the correction action order from the respective board.

10. Conclusion

Based our analysis, the Authority will have sufficient cash and revenues to meet its obligations. The Authority appears to meet TLDA's guidelines for approval to issue refunding bonds parity with its outstanding State Revolving Fund (SRF) loan agreements. Further, the proposed refunding will improve TLDA's lien position as the Series 2009 Bonds that are being refunded are currently in senior lien position to the Authority's outstanding SRF loans. With the issuance of the Refunding Bonds the lien position of the SRF loans will be on parity with, instead of subordinate to, the Refunding Bonds.

Attachments:

Debt Service Coverage Ratios

EXHIBIT B

Wastewater

**JACKSON ENERGY AUTHORITY - WASTEWATER DIVISION
 HISTORICAL and PROJECTED BOND COVERAGE - UNAUDITED
 Years Ended June 30,**

Fiscal Year	Gross Revenues	Operating Expenses*	Net Revenue Available For Debt Service	Bond Debt Service Requirements	Bond Debt Service Coverage
Projected					
2022	\$22,746,424	\$12,754,323	\$9,992,101	\$3,788,505	2.64
2021	\$22,290,905	\$12,340,862	\$9,950,043	\$3,793,285	2.62
2020	\$21,652,915	\$11,940,667	\$9,712,248	\$3,771,704	2.58
2019	\$20,929,316	\$11,563,206	\$9,366,110	\$3,561,371	2.63
2018	\$19,001,221	\$11,194,400	\$7,806,821	\$3,269,241	2.39
Historical					
2017	\$18,609,493	\$10,255,522	\$8,353,971	\$3,091,008	2.70
2016	\$17,580,348	\$10,409,127	\$7,171,221	\$2,917,572	2.46
2015	\$16,522,508	\$9,626,966	\$6,895,542	\$2,822,641	2.44
2014	\$16,465,791	\$9,203,891	\$7,261,900	\$2,764,853	2.63
2013	\$16,361,448	\$9,271,032	\$7,090,416	\$2,750,209	2.58

* Includes the actuarially determined pension and OPEB expenses

See independent auditor's report



Jackson Energy Authority

Jim Ferrell
President & CEO

RECEIVED

OCT 11 2017

STATE AND LOCAL FINANCE

October 10, 2017

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

Dear Ms. Thompson:

On behalf of the Jackson Energy Authority (the "Authority"), I am submitting this request that the Tennessee Local Development Authority (the "TLDA") consent to the Authority's issuance of proposed Wastewater System Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds") on parity with the following SRF Loan Agreements between the Authority and the TLDA (collectively, the "SRF Loan Agreements"):

<u>Loan Number</u>	<u>Effective Date</u>
CWO 13-313	September 27, 2012
SRF 13-314	September 27, 2012; loan increase October 31, 2013
CG2 16-363	October 29, 2015
CG3 16-361	April 7, 2016
CG4 16-362	April 7, 2016
CG2 16-368	June 9, 2016
CG2 17-383	March 21, 2017

The Authority intends to repay a portion of its Wastewater System Refunding Revenue Bonds, Series 2009 (the "Series 2009 Bonds") with available funds on hand and to current refund the balance of the Series 2009 Bonds with proceeds of the Series 2017 Bonds. The Series 2009 Bonds bear interest at a variable rate and have associated interest rate swaps (the "Swaps"). The issuance of the fixed rate Series 2017 Bonds is part of the Authority's plan to reduce its outstanding overall wastewater debt, eliminate variable rate debt and terminate the Swaps.

Section 7(m) of the SRF Loan Agreements requires that, prior to the issuance of any additional debt, the Authority obtain the consent of the TLDA. Section 7(m) further requires the Authority to provide evidence of:

- Delivery of audit for prior fiscal year within six months of fiscal year end - The Authority's audit for the fiscal year ended June 30, 2016 was delivered on December 28, 2016. In addition, please find updated financial statements dated June 30, 2017 attached as Exhibit A.
- The Authority's net revenues for the fiscal year ended June 30, 2016 provided at least 1.20x debt service coverage for the SRF Loan Agreements and the Authority's other outstanding indebtedness. (See Exhibit B for a detailed calculation.)
- The Authority's projected net revenues for the next three fiscal years will provide at least 1.20x debt service coverage for the SRF Loan Agreements, the Series 2017 Bonds and the Authority's other outstanding indebtedness - See Exhibit B for a detailed projection of new debt service and net revenues for the next three fiscal years.

Additionally, for your information we have included as Exhibit C a proposed debt schedule for the Series 2017 Bonds and additional information regarding the refunding. We agree to provide the TLDA with a final debt service schedule at the closing of the Series 2017 Bond issue.

We specifically request that the TLDA consent to the issuance of the Series 2017 Bonds on parity with the SRF Loan Agreements. We believe that it is in the public interest for the TLDA to provide this consent because the refunding will result in a significant reduction of risk associated with the Authority's existing debt structure. We also confirm that the Authority is in compliance with the terms of the SRF Loan Agreements.

The Authority's Board of Directors expects to consider a resolution authorizing the issuance of the Series 2017 Bonds at its next meeting on October 26, 2017. Ideally, TLDA would consider this request prior to the Authority's board meeting on October 26, 2017. If this timeframe is not workable for the TLDA, please let us know. The Authority would like to price the Series 2017 Bonds in early November.

Should you have additional questions or require further information, please do not hesitate to contact any of the following individuals who have assisted the Authority in connection with the preparation of this request.

Authority

Nancy Nanney
Chief Financial Officer
731-422-7207

nnanney@jaxenergy.com

Financial Advisor

Sam Crewse
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615-279-4336

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Bond Counsel

Russ Miller
Bass, Berry & Sims PLC
615-742-7778

rmiller@bassberry.com

Sincerely,



Jim Ferrell, President