

**TENNESSEE STATE FUNDING BOARD**  
**JULY 14, 2016**  
**AGENDA**

1. Call meeting to order
2. Approval of the minutes from the June 9, 2016, meeting
3. Report from the Department of Economic and Community Development (ECD) for approval of funding for the following projects:
  - **Lodge Manufacturing Company – South Pittsburg & New Hope (Marion Co.)**  
FastTrack Economic Development \$ 790,000
  - **TBA**  
FastTrack Economic Development \$1,250,000
4. Approval of a “Resolution Allocating From the Debt Service Fund to the Capital Projects Fund \$440,064 and Canceling Authorized Bonds”
5. Approval of a “Resolution Allocating From the Debt Service Fund to the Capital Projects Fund \$7,000,000 and Canceling Authorized Bonds”
6. Consideration and approval of an Other Post Employment Benefit (“OPEB”) Trust for the Board of Public Utilities of Cleveland, Tennessee

**TENNESSEE STATE FUNDING BOARD**  
**JUNE 9, 2016**

The Tennessee State Funding Board (the “Board”) met on Thursday, June 9, 2016, at 1:40 p.m., in the Executive Conference Room, State Capitol, Nashville, Tennessee. The following members were present:

The Honorable Tre Hargett, Secretary of the State of Tennessee  
The Honorable Justin Wilson, Comptroller of the Treasury  
The Honorable David Lillard, State Treasurer  
Commissioner Larry Martin, Department of Finance and Administration

The following members were absent:

The Honorable Bill Haslam, Governor

Seeing a physical quorum present, Mr. Wilson called the meeting to order and asked for approval of the minutes from the May 9, 2016, meeting. Mr. Wilson made a motion to approve the minutes. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Ms. Lynn Miller, Chief Legal Counsel for the Tennessee Housing Development Agency (“THDA”), who presented for approval THDA’s Schedule of Financing for Fiscal Year 2016-17 (the “Schedule”). Ms. Miller explained that the Schedule proposed a total of \$458 million bonds to be issued in fiscal year 2016-17, which included \$128 million in refunding bonds. Ms. Miller stated that the Schedule was previously approved by THDA’s Bond Finance Committee and Board of Directors. Mr. Wilson asked if THDA consulted with their financial advisor when preparing the Schedule. Ms. Miller replied that the financial advisor was consulted related to the number of bond issues that should take place during the 2016-17 fiscal year. Ms. Miller further explained that the amount of bonds to issue for a fiscal year is based on THDA’s analysis of projections of volume for the upcoming fiscal year. Mr. Wilson made a motion to approve the Schedule. Mr. Lillard seconded the motion and it was unanimously approved.

Mr. Wilson then recognized Mr. Allen Borden, Assistant Commissioner, Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Senior Advisor for Fiscal Policy, ECD, to present the FastTrack funding report. Mr. VanderMeer reported that, as of the date of the last Board meeting, the FastTrack balance was \$163,682,672.29. Since that time, \$500,000.00 in funds had been deobligated and returned to the FastTrack program and \$3,792,500 in new loans had been approved, which resulted in an adjusted FastTrack balance available for funding grants or loans of \$160,390,172.29 as of today’s meeting. Mr. VanderMeer reported that commitments had been made in the amount of \$143,872,737.54, resulting in an uncommitted FastTrack balance of \$16,517,434.75. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$9,653,750.00, and if these projects were approved, the uncommitted balance would be \$6,863,684.75, or 95.7% of FastTrack funds committed.

Mr. Borden stated that the projects were being presented to the Board because state law required that FastTrack projects in amounts exceeding \$750,000 per eligible business within any three-year period be reviewed and approved by the Board. Mr. Borden then presented the following FastTrack project:

- **Agero Administrative Service Corp. – Blountville (Sullivan County)**  
FastTrack Job Training Assistance \$ 438,750

Mr. Borden stated that the Agero project was being presented because the Board previously approved a FastTrack grant for the Clarksville facility in the amount of \$741,150 and that grant along with the grant being presented for approval exceeds the \$750,000 threshold for Board approval. Mr. Wilson stated that the Board received a signed checklist and letter from the Commissioner of ECD for the Agero project. Mr. Wilson inquired if the information in the checklist and letter was true and correct and if the project met all the statutory requirements. Mr. Borden responded affirmatively. Mr. Hargett made a motion to approve the FastTrack grant for the Agero project. Commissioner Martin seconded the motion, and it was unanimously approved. Mr. Borden presented the next project:

- **Hankook Tire America Corp. – Nashville (Davidson County)**  
FastTrack Economic Development \$2,715,000

Mr. Borden noted that, as previously requested by the Board, the number of employees who would be relocating to Tennessee was included in the packet. Mr. Wilson stated that the Board received a signed checklist and letter from the Commissioner of ECD for the Hankook project. Mr. Wilson inquired if the information in the checklist and letter was true and correct and if the project met all the statutory requirements. Mr. Borden responded affirmatively. Mr. Lillard made a motion to approve the FastTrack grant for the Hankook project. Mr. Hargett seconded the motion, and it was unanimously approved. Mr. Borden presented the next project:

- **The Harris Soup Company dba Harry’s Fresh Foods – Nashville (Davidson County)**  
FastTrack Job Training Assistance \$ 50,000  
FastTrack Economic Development \$ 950,000

Mr. Wilson stated that the Board received a signed checklist and letter from the Commissioner of ECD for the Harris Soup Company project. Mr. Wilson inquired if the information in the checklist and letter was true and correct and if the project met all the statutory requirements. Mr. Borden responded affirmatively. Mr. Wilson made a motion to approve the FastTrack grant for the Harris Soup Company project. Commissioner Martin seconded the motion, and it was unanimously approved. Mr. Borden presented the next project:

- **ServiceMaster Global Holdings, Inc. – Memphis (Shelby County)**  
FastTrack Economic Development \$5,500,000

Mr. Borden stated that ServiceMaster has agreed to remain in Memphis and renovate the vacant Peabody Place Mall for its new headquarters. ServiceMaster further agreed to maintain its current Shelby County employment level of 1,929 full-time employees. Mr. Wilson stated that the Board received a signed checklist and letter from the Commissioner of ECD for the ServiceMaster project. Mr. Wilson inquired if the information in the checklist and letter was true and correct and if the projects met all the statutory requirements. Mr. Borden responded affirmatively. Mr. Wilson asked if there were claw-back provisions related to the ServiceMaster project. Mr. Borden replied that there were provisions to take back the grant money if ServiceMaster did not fulfill its commitment. He added that ServiceMaster would be signing a 15 year lease for the Peabody Place Mall, which further indicated their intent to remain in Memphis long-term. The Board acknowledged the significance of the ServiceMaster project locating in downtown Memphis and its impact on urban renewal in the City of Memphis. Mr. Lillard made a motion to approve the FastTrack grant for the ServiceMaster project. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Borden then reported that the Board had previously approved a FastTrack Job Training Assistance Program Grant for \$1,000,000 and a FastTrack Economic Development Grant for \$1,500,000 for the Morgan Olson project on December 21, 2015. Mr. Borden stated that Morgan Olson had requested a

reallocation of a portion of the Job Training Assistance funds, with the revised grants to be: \$500,000 for FastTrack Job Training Assistance and \$2,000,000 for FastTrack Economic Development. The total amount of the FastTrack grant funds requested remained the same. Mr. Hargett made a motion to approve the reallocation of FastTrack grant funds for the Morgan Olson project. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then noted that Mr. Lillard left the Board meeting, but that a physical quorum was still present.

Mr. Wilson then presented for approval a “Resolution Allocating Funds to Defray a Portion of the Cost of Highway Bridge Construction Projects and Canceling Authorized Bonds” in the amount of \$29,100,000 to be effective upon approval. Mr. Hargett made a motion to approve the resolution. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for approval a “Resolution Allocating from the Debt Service Fund to the Capital Project Fund \$3,524,992.81 and Canceling Authorized Bonds” to be effective upon approval. Commissioner Martin made a motion to approve the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for approval a “Resolution Certifying and Authorizing the Allocation of Funds to the Sinking Fund for the 2016-2017 Fiscal Year” to be effective July 1, 2016. Commissioner Martin made a motion to approve the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for approval a “Resolution Allocating Funds to Defray a Portion of the Cost of Highway Construction Projects and Canceling Authorized Bonds” in the amount of \$89,700,000 to be effective July 1, 2016. Mr. Wilson made a motion to approve the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for approval “A Resolution Authorizing the Issuance of General Obligation Bonds of the State of Tennessee” in the amount of \$87,700,000 to be effective July 1, 2016. Mr. Wilson noted that this resolution was based on the fiscal year 2016-2017 bond bill (PA2016 CH 1060), which was for highway construction only. He stated that the state’s current practice is to fund these projects with cash and not actually issue the bonds. Mr. Wilson made a motion to approve the resolution. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for approval a “Resolution Authorizing Amended and Restated Standby Commercial Paper Purchase Agreement and Updated Commercial Paper Offering Memorandum”. Mr. Wilson noted that the effective date of the amended and restated Standby Commercial Paper Prurchase Agreement (the “Agreement”) was July 1, 2016 for a term of 5 years, to expire on July 1, 2021. The commitment amount of \$350 million remained the same. Under the Agreement, the current commitment fee of 30 basis points would remain in place through fiscal year 2017. Mr. Wilson made a motion to approve the resolution. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then presented a letter from the Tennessee Consolidated Retirement System (“TCRS”) affirming that TCRS does not intend to exercise its option to cancel the Agreement to serve as standby purchaser for the State of Tennessee’s General Obligation commercial paper during fiscal year 2016-17. Mr. Wilson stated that in response, the Board would notify TCRS of the Board’s intent not to exercise its option to cancel the agreement for the fiscal year 2016-17. A draft of such letter was included in the packet. Mr. Hargett made a motion to accept the letter from TCRS and approve the draft of the affirmation letter from the Board to TCRS. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for approval “A Resolution Authorizing and providing for the Issuance and Sale of General Obligation Bonds of the State of Tennessee” (the “Bond Resolution”) for the proposed 2016 bond sale. Mr. Wilson explained that the Bond Resolution authorized the issuance of new money bonds to fund capital projects of the State and for the issuance of bonds to refund certain outstanding General Obligation Bonds as well as funding certain costs of issuance. Mr. Wilson explained that the Bond Resolution provided for bonds to be sold through either a competitive or negotiated sale, and stated that a list of potential Underwriters was listed in the Bond Resolution, in the event that the bonds were sold at negotiated sale. Mr. Wilson stated the Bond Resolution authorized the issuance of both tax-exempt and taxable bonds with interest rates not to exceed 5% and 6% respectively. The Bond Resolution stated that the new money bonds shall be issued in an amount not to exceed \$200,000,000. The Bond Resolution required that the bonds meet the criteria set forth in the Board’s Debt Management Policy, which includes the requirement that the refunding should result in aggregate present value savings of at least 4%.

Mr. Wilson stated that the Board members’ packets included a draft Preliminary Official Statement, a Bond Purchase Agreement, a Refunding Trust Agreement and Continuing Disclosure Undertaking in substantive form. Mr. Martin made a motion to approve the Bond Resolution and delegate the authority to sell and finalize the details of the bonds to the Comptroller. Mr. Wilson seconded the motion, and it was unanimously approved.

After requesting other business and hearing none, Mr. Wilson adjourned the meeting.

Approved on this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary

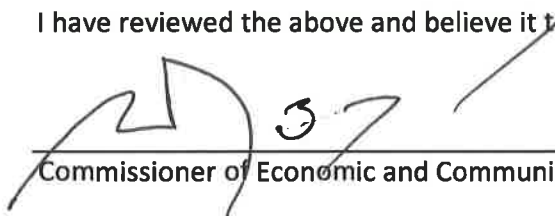
## FastTrack Report to State Funding Board

7/11/2016

|  |                |                |
|--|----------------|----------------|
| 1. Previous FastTrack Balance, as of Last Report                               | 160,390,172.29 |                |
| 2. + New Appropriations:   | 81,065,447.22  |                |
| 3. + Newly Deobligated Funds:  | 764,492.30     |                |
| 4. + Funds Transferred to FastTrack:   | 0.00           |                |
| 5. - Funds Transferred from FastTrack:   | 0.00           |                |
| 6. - FastTrack Grants or Loans Approved Greater Than \$750,000:                | (4,151,000.00) |                |
| 7. - FastTrack Grants or Loans Approved Less Than \$750,000:                   | (6,093,481.00) |                |
| 8. - FastTrack Administration  | (2,033,678.47) |                |
| 9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans: |                | 229,941,952.34 |
| <hr/>  |                |                |
| 10. Total Amount of Commitments:   | 154,721,054.60 |                |
| <hr/>  |                |                |
| 11. Uncommitted FastTrack:   |                | 75,220,897.74  |
| 12. Percentage Committed:  |                | 67.3%          |
| <hr/>  |                |                |
| 13. Amount of Proposed Grants or Loans:  | 2,040,000.00   |                |
| 14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:        |                | 73,180,897.74  |
| 15. Percentage Committed:  |                | 68.2%          |

See next page for explanations of the above questions.

I have reviewed the above and believe it to be correct:

  
 Commissioner of Economic and Community Development

Date: 7-11-16



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

July 14, 2016

Comptroller Justin Wilson  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Wilson:

The Department of Economic & Community Development (the "Department") seeks approval by the State Funding Board (the "Board") pursuant to T.C.A. § 4-3-717(a) authorizing FastTrack infrastructure, training, and economic development grants where there is a commitment by an eligible business to create or retain private sector jobs or engage in private investment or where the Commissioner of Economic and Community Development determines that such investment will have a direct impact on employment and investment opportunities in the future. The following projects meet the statutory requirements and the Department presents these projects to the Board pursuant to the mandates of T.C.A. § 4-3-717(e), which requires approval of grants and loans under the FastTrack Infrastructure Development Program, the FastTrack Job Training Assistance Program, and the FastTrack Economic Development Program that exceed \$750,000 per eligible business within a three (3) year period.

### **1. Lodge Manufacturing Company – South Pittsburg & New Hope (Marion County)**

Lodge Manufacturing Company (Lodge) manufactures and markets cast iron cookware products in the United States. It offers seasoned cast iron products, including skillets and covers, grill pans, griddles, fryers, ovens, bakeware, sets and kits, camp ovens, and grills and accessories; roasters, apple pots, and oval and covered casseroles; and tableware products, including oval, round, rectangle, and divided rectangle mini-servers. Lodge is building a new 127,000 square foot foundry on their South Pittsburg campus and a 200,000 square foot warehouse in New Hope.

Lodge has committed to create 158 new jobs and make a \$78,543,031 capital investment within five years. The company will have an average wage rate of \$19.04 per hour for the new positions.

FastTrack Economic Development Grant funds will be used to offset the costs incurred to construct the new foundry. **(\$790,000)**

**Total FastTrack funds for this project - \$790,000**



## Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

### 2. **Schneider Electric USA, Inc. - Franklin (Williamson County)**

Schneider Electric USA, Inc. (Schneider) is a leading global manufacturer of equipment for electrical power distribution and for industrial control and automation. The company helps power generators distribute electricity; designs automation systems for the automobile and water treatment industries; builds electric networks and utility management systems for energy, water treatment, oil and gas, and marine applications; and manages electric power in residential, industrial, and commercial buildings. It sells its products to the construction, electric power, industrial, and infrastructure markets. Schneider plans to establish a regional/business headquarters by reconfiguring and consolidating key personnel from existing operations. The company does not know how many existing Schneider employees will be relocating to TN over the five-year span of this project. This will be determined by the company's business model and the preferences of the employees.

Schneider has committed to create 250 new jobs and make a \$37,000,000 capital investment within five years. The company will have an average wage rate of \$35.00 per hour for the new positions.

FastTrack Economic Development Grant funds will be used to offset the costs Schneider will incur in tenant improvements to the building for office and high tech lab space. **(\$1,250,000)**

**Total FastTrack funds for this project - \$1,250,000**

In conclusion, I would like to thank the Board for its assistance and continued support of ECD as we strive to create job opportunities for the citizens of our State.

Sincerely,

A handwritten signature in black ink, appearing to be "Randy Boyd", written over a horizontal line.

Randy Boyd

RB:kl



## State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

| TYPE OF FUNDING      | RECIPIENT ENTITY   | GRANT AMOUNT     | LOAN AMOUNT |
|----------------------|--|------------------|-------------|
| INFRASTRUCTURE       |  |                  |             |
| TRAINING*            |  |                  |             |
| ECONOMIC DEVELOPMENT | The Marion County Industrial and Environmental Development Board |                  |             |
| <b>TOTAL</b>         |  | <b>\$790,000</b> |             |

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Lodge Manufacturing Company

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

### GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?  
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).  Yes  No
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)?  Yes  No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)?  Yes  No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)?  Yes  No

### Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

### Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

**TRAINING**

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)?  Yes  No
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)?  Yes  No

**INFRASTRUCTURE**

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)?  Yes  No
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)?  Yes  No

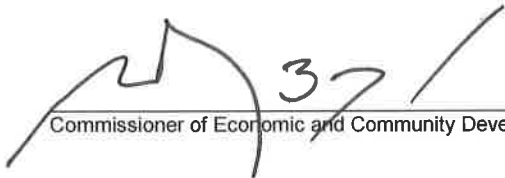
**Applicant must answer "Yes" to a or b.**

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

**ECONOMIC DEVELOPMENT**

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)?  Yes  No
- 15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)?  Yes  No
- 16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.  Yes  No
- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.  Yes  No

I have reviewed this document and believe it to be correct.

 37 /  
\_\_\_\_\_  
Commissioner of Economic and Community Development

7-11-16  
\_\_\_\_\_  
Date



## Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

July 11, 2016

### INCENTIVE ACCEPTANCE FORM

This form serves as notice that Lodge Manufacturing Company intends, in good faith, to create 158 private sector jobs and make a capital investment of \$78,543,031 in exchange for incentives that will be memorialized in a grant agreement between Lodge Manufacturing Company and the State of Tennessee.

#### ECD OFFER SUMMARY

|                                       |                   |
|---------------------------------------|-------------------|
| FastTrack Economic Development Grant: | \$ 790,000        |
| <b>Total ECD Commitment:</b>          | <b>\$ 790,000</b> |

Please sign your name in the space below to signify Lodge Manufacturing Company's acceptance of ECD's offer set forth above and return it by October 9, 2016 to:

Tennessee Department of Economic and Community Development  
Attn: Jordan Taylor Sloan  
312 Rosa Parks Avenue, 27th floor  
Nashville, TN 37243  
jordan.taylor Sloan@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project.

Signature: *Dave Shovel*  
(Authorized Representative of Company)

Date: 7/12/16



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

July 14, 2016

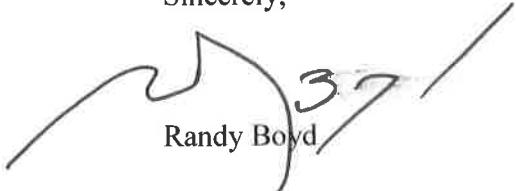
Comptroller Justin Wilson  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to The Marion County Industrial and Environmental Development Board for the benefit of Lodge Manufacturing Company in the amount of \$790,000 to offset the costs incurred to construct the new foundry. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of new jobs and significant capital investment. Lodge Manufacturing Company has committed to create 158 new jobs and to make a \$78,543,031 capital investment within five years. The company will have an average wage of \$19.04 per hour for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

  
Randy Boyd

### State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

| TYPE OF FUNDING                     |                      | RECIPIENT ENTITY   | GRANT AMOUNT       | LOAN AMOUNT |
|-------------------------------------|----------------------|--|--------------------|-------------|
| <input type="checkbox"/>            | INFRASTRUCTURE       |  |                    |             |
| <input type="checkbox"/>            | TRAINING*            |  |                    |             |
| <input checked="" type="checkbox"/> | ECONOMIC DEVELOPMENT | Industrial Development Board of Williamson County, Tennessee | \$1,250,000        |             |
| <b>TOTAL</b>                        |                      |  | <b>\$1,250,000</b> |             |

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

\*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Schneider Electric USA, Inc.

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

**GENERAL STATUTORY COMPLIANCE**

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)? If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).  Yes  No
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)?  Yes  No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)?  Yes  No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)?  Yes  No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

**TRAINING**

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)?  Yes  No
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)?  Yes  No

**INFRASTRUCTURE**

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)?  Yes  No
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)?  Yes  No

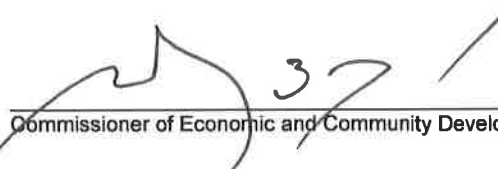
**Applicant must answer "Yes" to a or b.**

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

**ECONOMIC DEVELOPMENT**

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)?  Yes  No
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)?  Yes  No
- 15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)?  Yes  No
- 16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact.  Yes  No
- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.  Yes  No

I have reviewed this document and believe it to be correct.

  
\_\_\_\_\_  
Commissioner of Economic and Community Development

7-11-16  
\_\_\_\_\_  
Date



Department of Economic and Community Development

Randy Boyd  
Commissioner

Bill Haslam  
Governor

July 1, 2016

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Schneider Electric USA, Inc. intends, in good faith, to create 250 private sector jobs and make a capital investment of \$37,000,000 in exchange for incentives that will be memorialized in a grant agreement between Schneider Electric USA, Inc. and the State of Tennessee.

ECD OFFER SUMMARY

|                                       |                     |
|---------------------------------------|---------------------|
| FastTrack Economic Development Grant: | \$ 1,250,000        |
| <b>Total ECD Commitment:</b>          | <b>\$ 1,250,000</b> |

Please sign your name in the space below to signify Schneider Electric USA, Inc.'s acceptance of ECD's offer set forth above and return it by September 29, 2016 to:

Tennessee Department of Economic and Community Development  
Attn: Jordan Taylor Sloan  
312 Rosa Parks Avenue, 27th floor  
Nashville, TN 37243  
jordan.taylorsloan@tn.gov

**Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project.**

Signature:   
(Authorized Representative of Company)

Date: 7/12/16



## Department of Economic and Community Development

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Randy Boyd  
Commissioner

Bill Haslam  
Governor

July 14, 2016

Comptroller Justin Wilson  
First Floor, State Capitol  
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to the Industrial Development Board of Williamson County, Tennessee for the benefit of Schneider Electric USA, Inc. in the amount of \$1,250,000 to offset the costs Schneider will incur in tenant improvements to the building for office and high tech lab space. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of high wage jobs and significant capital investment. Schneider has committed to create 250 new jobs and to make a \$37,000,000 capital investment within five years. The company will have an average wage of \$35.00 per hour for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Boyd", with a long, sweeping horizontal line extending to the right.

Randy Boyd



**RESOLUTION ALLOCATING FROM DEBT SERVICE FUND TO  
THE CAPITAL PROJECTS FUND \$440,064.00 AND CANCELING  
AUTHORIZED BONDS**

**Recitals**

The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 591, Public Acts of Tennessee, 2007 (the "2007 Act"), to issue and sell its general obligation bonds in an amount not to exceed Two Hundred Ninety-Five Million Dollars and no cents (\$295,000,000.00) of which Seven Million Dollars and no cents (\$7,000,000.00) is allocated pursuant to Section 4(3) of the 2007 Act (the "Item 3 Bonds") to the Department of Finance and Administration, to provide funds for acquisition of sites and existing structures for expansion purposes for the Tennessee Board of Regents on behalf of the University of Memphis (the "UM").

The State Funding Board has previously canceled One Million, Nine Hundred Fifty-Four Thousand, Eight Hundred Fifty-Five Dollars and Ninety-Seven Cents (\$1,954,855.97) of the Item 3 Bonds. None of the remaining Five Million, Forty-Five Thousand, One Hundred Forty-Four Dollars and Three Cents (\$5,045,144.03) principal amount of the Item 3 Bonds has been issued as 2007 Act Bonds but cash has been expended from the Capital Projects Fund.

By memorandum dated June 30, 2016, the Commissioner of Finance and Administration notified the State Funding Board that UM has paid Four Hundred Forty Thousand, Sixty-Four Dollars and no cents (\$440,064.00) into the Debt Service Fund in accordance with the agreement between UM and the State Funding Board and recommended that: (1) a like amount should be allocated to the Capital Projects Fund and (2) a like amount of general obligation bonds effective in the fiscal year ending June 30, 2016 be canceled.

**Be It Resolved By the Funding Board of the State of Tennessee:**

1. The project authorized to be financed by the 2007 Act, Item 3 Bonds has been financed in part with current funds and Four Hundred Forty Thousand, Sixty-Four Dollars and no cents (\$440,064.00) is no longer needed to fund such authorized project.
2. Four Hundred Forty Thousand, Sixty-Four Dollars and no cents (\$440,064.00) in accordance with the authority provided by Tennessee Code Annotated Sections 9-9-205 and 9-9-208, is allocated from the Debt Service Fund to the Capital Projects Fund to defray the cost of a portion of the Item 3 Bonds.
3. In accordance with the authority provided by Tennessee Code Annotated Sections 9-9-205 and 9-9-208, and the memorandum from the Commissioner of Finance and Administration dated June 30, 2016, the State Funding Board cancels Four Hundred Forty Thousand, Sixty-Four Dollars and no cents (\$440,064.00) of the principal amount authorized by the 2007 Act for the Item 3 Bonds.
4. This resolution shall be effective as of June 30, 2016 and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 14, 2016.

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JUSTIN P. WILSON, SECRETARY  
TENNESSEE STATE FUNDING BOARD

**RESOLUTION ALLOCATING FROM THE DEBT SERVICE FUND TO  
THE CAPITAL PROJECTS FUND \$7,000,000 AND CANCELING  
AUTHORIZED BONDS**

**RECITALS**

The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 1024, Public Acts of Tennessee, 2012 (the “2012 Act”), to issue and sell its general obligation bonds in an amount not to exceed Three Hundred Eighty-One Million, Nine Hundred Thousand Dollars (\$381,900,000) of which Seventy Million Dollars (\$70,000,000) is allocated pursuant to Section 4(3) of the 2012 Act (the “2012 Interop Com System Bonds”) to the Department of Finance and Administration for the purpose of acquisition and implementation of an interoperable communication system upgrade.

The Funding Board has previously canceled Twenty-Eight Million Dollars (\$28,000,000) of the 2012 Interop Com System Bonds; none of the remaining Forty-Two Million Dollars (\$42,000,000) of the 2012 Interop Com System Bonds principal amount authorized has been issued as 2012 Interop Com System Bonds but bond anticipation notes in the form of commercial paper have been issued.

Section 6, Item 12 of Chapter 758, Public Acts of Tennessee, 2016 (the “2016 Appropriation Act”) appropriates to the Funding Board the sum of Seven Million Dollars (\$7,000,000) to cancel a like amount of unissued 2012 Interop Com System Bonds.

By memorandum dated May 16, 2016, the Commissioner of Finance and Administration recommended that the Funding Board proceed with canceling Seven Million Dollars (\$7,000,000) of the unissued 2012 Interop Com System Bonds.

**Be It Resolved By the Funding Board of the State of Tennessee:**

1. The project authorized to be financed by the 2012 Interop Com System Bonds has been financed in part with commercial paper and Seven Million Dollars (\$7,000,000) is no longer needed to fund such authorized project.
2. Seven Million Dollars (\$7,000,000) in accordance with the authority provided by Tennessee Code Annotated Sections 9-9-205 and 9-9-208, is allocated from the Debt Service Fund to the Capital Projects Fund to defray the cost of a portion of the 2012 Interop Com System Act Bonds.
3. In accordance with authority provide by Tennessee Code Annotated Section 9-9-208, the 2016 Appropriation Act and the memorandum from the Commissioner of Finance and Administration dated May 16, 2016, the Funding Board hereby cancels Seven Million Dollars (\$7,000,000) of the unissued 2012 Interop Com System Bonds.

4. This resolution shall be effective as of July 14, 2016 and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on July 14, 2016.

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JUSTIN P. WILSON, SECRETARY  
TENNESSEE STATE FUNDING BOARD

**DECLARATION OF TRUST  
FOR  
OTHER POST-EMPLOYMENT BENEFITS**

A Declaration of Trust made as of the 24th day of May, 20 16, by the Board of Public Utilities of Cleveland, TN hereinafter referred to as the "Employer"). This Trust shall come into existence when the Tennessee State Funding Board created pursuant to Tennessee Code Annotated, Section 9-9-101 has approved the same.

**RECITALS**

**WHEREAS**, the Governmental Accounting Standards Board issued Statements 43 and 45, which set forth standards on accounting and reporting for post employment benefits (other than pensions) by governmental entities; and

**WHEREAS**, these new standards will require political subdivisions of the State of Tennessee to report such post employment benefits on an actuarial basis during an employee's career rather than on a pay-as-you-go basis during retirement; and

**WHEREAS**, the Tennessee General Assembly enacted Chapter 771 of the Tennessee Public Acts of 2006 that authorized Tennessee political subdivisions that offer other post employment benefits to create an investment trust whereby the political subdivisions may begin financing those benefits in advance; and

**WHEREAS**, the Employer is a political subdivision of the State of Tennessee that is exempt from federal income tax under the Internal Revenue Code of 1986, as amended from time to time, and whose governing body has passed a resolution authorizing the establishment of this investment trust for the exclusive purpose of funding other post employment benefits accrued by employees of the Employer, to be paid as they come due in accordance with the arrangements between the Employer, the Participants and their Beneficiaries, as such terms are defined in Section 1.1 below.

**NOW, THEREFORE**, in consideration of the premises, the Employer does hereby establish this Trust to be known as the Cleveland Utilities Post-Employment Benefits Trust.

## ARTICLE I DEFINITIONS

- 1.1. Definitions. For purposes of this Declaration of Trust, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.
- (a) “Beneficiary” means the Spouse, Dependents, or the person or persons designated by a Participant pursuant to the terms of a post employment benefits plan to receive any benefits payable under the plan.
  - (b) “Committee” means the OPEB Committee created pursuant to Section 5.1 of this Trust.
  - (c) “Dependent” means an individual who is a person described in Section 152(a) of the Internal Revenue Code of 1986, as may be amended from time to time.
  - (d) “Trustee” means **First Tennessee**, and its successors and assigns, or such other entity as may be appointed by the Committee to provide trust services pursuant to Section 6.1(b) of this Trust.
  - (e) “Employee” means an individual who performs services for the Employer, and who has been designated as eligible to participate in, and receive benefits under a post employment benefits plan.
  - (f) “Other post employment benefits” (“OPEB”) or “post employment benefits” means non-pension benefits paid on behalf of a former Employee or a former Employee’s Beneficiary after separation from service. Such benefits may include, but shall not be limited to, medical, prescription drugs, dental, vision, hearing, Medicare Part B or Part D premiums, life insurance, long-term care, and long-term disability.
  - (g) “Participant” means an Employee of the Employer who satisfies the requirements for participation in a post employment benefits plan sponsored by the Employer.
  - (h) “Spouse” means the Participant’s lawful spouse as determined under the laws of the State of Tennessee.
  - (i) “State Funding Board” or “Funding Board” means the board created pursuant to Tennessee Code Annotated, Section 9-9-101.

**ARTICLE II  
PURPOSE AND SCOPE OF TRUST**

- 2.1 This Trust is established exclusively for the purpose of funding other post employment benefits accrued by Employees of the Employer, to be paid as they come due in accordance with the terms of the Employer's respective post employment benefits plan.
- 2.2 Nothing in this Trust shall be construed to define or otherwise grant any rights or privileges to post employment benefits. Such rights and privileges, if any, shall be governed by the terms of the Employer's respective post employment benefits plan.

**ARTICLE III  
TRUST ASSETS**

- 3.1 This Trust shall consist of all contributions paid or otherwise delivered to it, and all investment income and realized and unrealized gains and losses.

**ARTICLE IV  
TRUST CONDITIONS**

- 4.1 This Trust shall be irrevocable, and the assets of this Trust shall be preserved, invested and expended solely pursuant to and for the purposes of this Declaration of Trust and shall not be loaned or otherwise transferred or used for any other purpose. The assets of the Trust shall be expended solely to:
- (a) Make payments for other post employment benefits pursuant to and in accordance with terms of the post employment benefits plan; and
  - (b) Pay the cost of administering this Trust.
- 4.2 This Trust shall have the powers, privileges and immunities of a corporation; and all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received.
- 4.3 All assets, income and distributions of the Trust shall be protected against the claims of creditors of the Employer, Employees, Former Employees, Participants or their Beneficiaries, and shall not be subject to execution, attachment, garnishment, the operation of bankruptcy, the insolvency laws or other process whatsoever, nor shall any assignment thereof be enforceable in any court.

**ARTICLE V  
BOARD OF TRUSTEES**

- 5.1 The general administration and responsibility for the proper operation of this Trust shall be governed by an OPEB committee (hereinafter the "Committee"). The Committee shall consist of members as follows:
- (a) Chief Executive Officer
  - (b) Chief Financial Officer
  - (c) VP of Human Relations
- 5.2 The Committee shall annually elect from its membership a chair and a vice chair and shall designate a secretary who need not be a member of the Committee. Written minutes covering all meetings and actions of the Committee shall be prepared by the secretary and shall be kept on file, open to public inspection pursuant to the provisions of Tennessee Code Annotated, Title 10, Chapter 7.
- 5.3 Members of the Committee shall serve without compensation but shall receive reasonable reimbursement for actual and necessary travel expenses in accordance with the Employer's travel regulations.
- 5.4 A majority of the voting members of the Committee serving shall constitute a quorum for the transaction of business at a meeting of the Committee. Voting upon action taken by the Committee shall be conducted by a majority vote of the voting members present at the meeting of the Committee. The Committee shall meet at the call of the chair, or upon the call of a majority of the members, and as may be otherwise provided in any operating policies or procedures adopted by the Committee.
- 5.5 The business of the Committee shall be conducted at meetings of the Committee held in compliance with Tennessee Code Annotated, Title 8, Chapter 44.

**ARTICLE VI  
POWERS AND DUTIES OF THE COMMITTEE**

- 6.1 In addition to the powers granted by any other provisions of this Trust, the Committee shall have the powers necessary or convenient to carry out the purposes and objectives of this Trust including, but not limited to, the following express powers:
- (a) Retain a Corporate Trustee authorized by the Committee to exercise its discretion to invest any funds of the Trust in any instrument, obligation, security, or property that constitutes legal investments for assets of the Trust as described in applicable law, including without limitation Tennessee Code Annotated, Section 8-50-1201, et seq., as amended from time to time, including the use of mutual funds, commingled investment funds or collective investment trusts, institutional accounts, or master trusts, provided that any such investment is authorized in the investment policy adopted, and from time to time amended, by the governing body of the Employer.
  - (b) Contract for the provision of all or any part of the services necessary for the management and operation of the Trust, including, but not limited to, trust and custody services and investment management services;
  - (c) Contract with financial consultants, auditors, and other consultants as necessary to carry out its responsibilities under the provisions of this Trust;
  - (d) At the Committee's sole discretion, contract with an actuary or actuaries for the benefit of the Employer in determining the level of funding necessary by the Employer to fund the other post employment benefits offered by the post employment benefits plan;
  - (e) Prepare annual financial reports, including audited financial statements, following the close of each fiscal year relative to the activities of the Trust. Such statements and reports shall contain such information as shall be prescribed by the Committee and be prepared in accordance with the standards established by the Governmental Accounting Standards Board; and
  - (f) Upon the request of the State Funding Board, file the annual report and financial statements with the secretary of the State Funding Board. The report and statements shall be filed with the secretary of the Committee within ninety (90) calendar days from the date of the request, unless the secretary extends such time in writing.



**ARTICLE VII  
POWERS AND DUTIES OF THE TRUSTEE**

- 7.1 It shall be the duty of the Trustee to receive, hold, manage, invest and reinvest the Trust funds and to make payments from the Trust in accordance with governing law and the provisions set forth herein pursuant to this Trust. The Trustee shall be responsible for such sums as are actually received by it as Trustee hereunder. The Trustee shall have no duty or authority to ascertain whether any contributions should be made to it pursuant to the post employment benefits plan. The duties and obligations shall be limited to those expressly imposed upon it by this Trust.
- 7.2 The Trustee also reserves the right to resign by written notice to the committee, effective thirty (30) days following the mailing of such notice to the committee, at their last known address.

**ARTICLE VIII  
INVESTMENTS**

- 8.1 The Corporate Trustee retained by the Committee shall be responsible for investing the assets of the Trust funds in accordance with Section 6.1(a) above.
- 8.2 Subject to the limitations in Section 6.1(a) above, the Trustee, or its nominee, has full power to hold, purchase, sell, assign, transfer, or dispose of any of the securities or investments in which the assets of the Trust have been invested, as well as of the proceeds of such investments and any moneys belonging to the Trust.
- 8.3 All of the Trustee's business shall be transacted, all of the Trust funds invested, all warrants for money drawn, any payments made, and all of the cash and securities and other property of the Trust shall be held:
- (a) In the name of the Trustee as title holder only;
  - (b) For the account of the Trustee or its nominee in such forms as are standard in the investment community for the timely transaction of business or ownership identification, such as book entry accounts.
- 8.4 Except as otherwise provided, no Committee member nor employee of the Committee shall have any personal interest in the gains or profits of any investment made by the Trustee.
- 8.5 The Trustee shall receive as compensation for its services the fees provided for in its standard schedule of fees in effect at the same time the services are rendered.

Unless directed otherwise in writing by the Committee, all fees shall be charged to income and/or principal.

## **ARTICLE IX EMPLOYER CONTRIBUTIONS TO TRUST**

- 9.1 Notwithstanding Section 6.1(d) above, it shall be the sole and exclusive responsibility of the Employer to determine the level of contributions the Employer will make to the Trust for the purpose of financing the post employment benefits accrued by its respective Employees. Neither the Trust, nor the Committee shall be responsible for collecting or otherwise determining the level of contributions needed by the Employer to finance any post employment benefits offered by the Employer.

## **ARTICLE X WITHDRAWALS FOR PAYMENT OF OTHER POST EMPLOYMENT BENEFITS**

- 10.1 The Committee shall, upon the request of the Employer, reimburse the Employer for payments made for other post employment benefits upon the Trustee's receipt of certified documentation evidencing the payment. Such payments shall be made by the Committee on no more than a quarterly basis.
- 10.2 Notwithstanding anything in this part to the contrary, the Trustee shall not honor a request for reimbursement made by the Employer under this Article if assets credited to the Trust are not equal to or greater than the amount requested. Retroactive payments shall be paid by the Trustee upon accumulation of sufficient assets.

## **ARTICLE XI BOOKS AND RECORDS**

- 11.1 The books and records of the Trust shall be maintained in accordance with generally accepted accounting principles and shall be open to public inspection. The annual report, including financial statements, all books, accounts and financial records of the Trust shall be subject to audit by the State Comptroller of the Treasury.
- 11.2 The Committee may, with the prior approval of the State Comptroller of the Treasury, engage a licensed certified public accountant to perform the audits. The audit contract between the Committee and the certified public accountant shall be

on a contract forms-prescribed by the State Comptroller of the Treasury. Reimbursement of the costs of audits prepared by the State Comptroller of the Treasury and the payment of fees for audits prepared by a licensed certified public accountant shall be the responsibility of the Committee, which may be paid from the assets of the Trust.

## **ARTICLE XII AMENDMENT**

- 11.1 The Employer shall have the right at any time and from time to time to amend, in whole or in part, any or all of the provisions of this Trust; however, no such amendment shall authorize or permit the assets of the Trust (other than such part as may be used to pay the expenses of administering the Trust) to be used for or diverted to purposes other than those expressed in this Declaration of Trust. Any such amendment shall not be effective until approved by resolution of the governing body of the Employer, and by the State Funding Board.

## **ARTICLE XIII PLAN TERMINATION OR MODIFICATION**

- 13.1 In the event the other post-employment benefits plan is terminated or substantially modified rendering the assets of this Trust to be unnecessary to fund the plan, the assets shall be distributed pursuant to Section 13.2 below.
- 13.2 (a) If the plan is terminated, the Employees and former Employees who have met all the conditions for other post-employment benefits as set out in the plan document in existence immediately preceding plan termination (including any deceased Employee or former Employee's surviving Beneficiaries) shall be vested in a proportionate share of the accumulated assets based on the present value of the plan benefit in existence immediately preceding plan termination as determined by an independent consulting actuary.
- (b) If a substantial plan modification is adopted that because a reduction of benefits or eligibility results in the plan moving from a funded status of less than seventy-five percent (75%) to an over-funded status of at least one hundred fifty percent (150%) and continues in such over-funded level for two (2) consecutive actuarial valuations, then such action shall be considered a plan termination and the excess assets shall be distributed in the same manner as in subsection (a) above.
- 13.3 Actuarial valuations contemplated by this Article shall be performed by the plan's independent consulting actuary in accordance with actuarial methods recognized by the Governmental Accounting Standards Board for other post-employment benefits.

**ARTICLE XIV  
PARTICIPANT OR BENEFICIARY  
CONTRIBUTIONS TO TRUST**

- 14.1 If Participant or Beneficiary contributions are required or permitted under the terms of the other post-employment benefits plan, such contributions shall be assets of this Trust and subject to all the provisions of this Trust. Provided, however, the Employer or its designee shall establish a record keeping account for each Participant or Beneficiary showing the amount of contributions made by such Participant or Beneficiary, and to the extent authorized under the Plan, any earnings or interest thereon. Notwithstanding Article XIII or any other provision of this Trust to the contrary, a Participant or Beneficiary shall be vested in the amount recorded to that Participant's or Beneficiary's account.

**ARTICLE XV  
PROTECTIVE CLAUSE**

- 15.1 Neither the Employer, the Committee, nor the Trust shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the post employment benefits plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

**ARTICLE XVI  
CONSTRUCTION**

- 16.1 This Trust created herein shall be governed by and construed in accordance with the laws of the State of Tennessee.
- 16.2 If any terms and conditions of this Trust are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Trust shall not be affected thereby and shall be construed to effectuate the purpose of this Trust.

**[The next and last page is the signature page]**

**EMPLOYER:**

CLEVELAND UTILITIES

By: Amy Ensley

Name: Amy Ensley

Title: Clerk of Governing Body

**COMMITTEE MEMBERS:**

Kan Wehler

[Signature]

Tim O. Anderson

**TRUSTEE:**

[Signature]

**APPROVED:**

\_\_\_\_\_  
Chair of State Funding Board

\_\_\_\_\_  
Date