

**OAK RIDGE CITY COUNCIL
SPECIAL MEETING**

Municipal Building Courtroom

Tuesday, May 30, 2017

7:00 p.m.

AGENDA

- I. ROLL CALL
- II. RESOLUTION
 - a. A RESOLUTION AUTHORIZING AND PROVIDING FOR THE FINANCING OF THE CONSTRUCTION OF A WASTEWATER FACILITIES PROJECT, INCLUDING AUTHORIZING THE EXECUTION OF APPLICATION, CONTRACTUAL AGREEMENTS, AND OTHER NECESSARY DOCUMENTS AND MAKING CERTAIN REPRESENTATIONS, CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN CONNECTION WITH SUCH FINANCING.
- III. CITY MANAGER'S REPORT
 - a. PRESENTATION AND TRANSMITTAL OF THE CITY OF OAK RIDGE PROPOSED BUDGET FOR FISCAL YEAR 2018 BY MARK S. WATSON, CITY MANAGER.
- IV. ADJOURNMENT

**In accordance with the City Charter, matters transacted at this special meeting shall be limited to the subjects recited in the notice of the meeting as presented above.

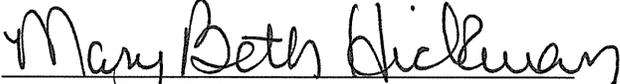
CITY CLERK MEMORANDUM
17-15

DATE: May 24, 2017
TO: Honorable Mayor and Members of City Council
FROM: Mary Beth Hickman, City Clerk
SUBJECT: SPECIAL MEETING OF CITY COUNCIL

At the direction of the City Manager and in accordance with Article II, Section 2 of the Charter of the City of Oak Ridge, Tennessee, a special meeting of City Council is hereby called for Tuesday, May 30, 2017 at 7:00 p.m. in the Municipal Building Courtroom, 200 S. Tulane Avenue. The meeting will be limited to:

- CONSIDERATION OF A RESOLUTION AUTHORIZING AND PROVIDING FOR THE FINANCING OF THE CONSTRUCTION OF A WASTEWATER FACILITIES PROJECT, INCLUDING AUTHORIZING THE EXECUTION OF APPLICATION, CONTRACTUAL AGREEMENTS, AND OTHER NECESSARY DOCUMENTS AND MAKING CERTAIN REPRESENTATIONS, CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN CONNECTION WITH SUCH FINANCING.
- PRESENTATION AND TRANSMITTAL OF THE CITY OF OAK RIDGE PROPOSED BUDGET FOR FISCAL YEAR 2018 BY MARK S. WATSON, CITY MANAGER.

In accordance with the City Charter, matters transacted at this special meeting shall be limited to the subjects recited in the notice of the meeting.



Mary Beth Hickman

Attachment

cc: Mark S. Watson, City Manager
Kenneth R. Krushenski, City Attorney
Department Directors
The Oak Ridger
Oak Ridge Today
The Knoxville News Sentinel
BBB Communications

ADMINISTRATIVE MEMORANDUM
17-08

DATE: May 24, 2017
TO: Mary Beth Hickman, City Clerk
FROM: Mark S. Watson, City Manager
SUBJECT: SPECIAL CITY COUNCIL MEETING

In accordance with Article II, Section 2, of the Charter of the City of Oak Ridge, you are hereby requested to call a special meeting of the Oak Ridge City Council for Tuesday, May 30, 2017, at 7:00 p.m. in the Municipal Building Courtroom, 200 S. Tulane Avenue. This meeting will be limited to:

- CONSIDERATION OF A RESOLUTION AUTHORIZING AND PROVIDING FOR THE FINANCING OF THE CONSTRUCTION OF A WASTEWATER FACILITIES PROJECT, INCLUDING AUTHORIZING THE EXECUTION OF APPLICATIONS, CONTRACTUAL AGREEMENTS, AND OTHER NECESSARY DOCUMENTS, AND MAKING CERTAIN REPRESENTATIONS, CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN CONNECTION WITH SUCH FINANCING.
- PRESENTATION AND TRANSMITTAL OF THE CITY OF OAK RIDGE PROPOSED BUDGET FOR FISCAL YEAR 2018 BY MARK S. WATSON, CITY MANAGER.



Mark S. Watson

**FINANCE DEPARTMENT MEMORANDUM
17-08**

DATE: May 24, 2017
TO: Mark S. Watson, City Manager
FROM: Janice E. McGinnis, Finance Director
SUBJECT: \$3,100,000 State Revolving Fund Loan (SRF) Loan

Introduction

An item for City Council's consideration is a resolution authorizing a \$3,100,000 loan from the State Revolving Fund (SRF) program to finance improvements to the Turtle Park Wastewater Pumping Station. The project includes replacement and reconfiguration of pumps, larger emergency generation to power station at full capacity and new electrical and controls equipment.

Funding

This loan will not have an impact to the current and future wastewater rates above that outlined in the last wastewater rate review conducted by Chris Mitchell.

Consideration

Attached is the Revolving Fund Loan Agreement to be executed by the City and State which outlines the terms and conditions of the loan. The SRF Loan Program is administered by the State of Tennessee Department of Environment and Conservation (TDEC). Key points related to the loan are as outlined below.

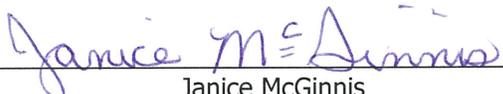
Term:	20-year principal payment amortization begins with the earlier of (1) within 90 days after Initiation of Operation of the Project or, (2) within 120 days after 90% after the Project Loan has been disbursed.
Issuance Costs:	No loan issuance costs
Interest Rate:	The fixed interest rate will be set by the State at the meeting the loan is approved by the State. This rate is anticipated to be 1.69%.
Other Fees:	Administrative Fee of .08% annually of the outstanding loan balance.
Payment:	Monthly Interest and fees on the outstanding loan balance once loan draws occur. Monthly principal payments once the principal payments begin as outlined in the loan terms above.
Pre-Payment:	Can prepay all or part of the loan.

Projects funded through the SRF loans require specific bidding and contractual procedures, including compliance with Davis-Bacon wages by contractors. The advantages of this loan program are very low fixed interest rate, interest/fee payments only during spend down period of the loan and no loan issuance costs. Loan proceeds are drawn as work progresses and interest/fee are applicable only on the outstanding loan amount. At closure of the loan to additional draws, the loan principal payment amortization is restructured based on the actual principal borrowed.

As part of the SRF loan process, the wastewater rate structure is reviewed by the State who can require that rate increases be adopted prior to issuance of the SRF loan. In an initial review, the State has determined that the wastewater rate structures already approved by City Council are sufficient to repay the proposed loan.

Recommendation

Staff recommends approval of the attached resolution. The project allows the City to remain in compliance with EPA and TDEC requirements. Once the loan application packet is submitted to TDEC it must be reviewed and then submitted to the Tennessee Local Development Authority (TLDA) for approval. The next TLDA board meeting is scheduled for June 22.



Janice McGinnis

Attachments(s)
Authorizing Resolution
Revolving Loan Agreement
General Loan Conditions

City Manager's Comments:

I have reviewed the above issue and recommend council action as outlined in this document.



Mark S. Watson

5/25/17
Date

AUTHORIZING RESOLUTION _____

RESOLUTION AUTHORIZING AND PROVIDING FOR THE FINANCING OF THE CONSTRUCTION OF A WASTEWATER FACILITIES PROJECT, INCLUDING AUTHORIZING THE EXECUTION OF APPLICATIONS, CONTRACTUAL AGREEMENTS, AND OTHER NECESSARY DOCUMENTS, AND MAKING CERTAIN REPRESENTATIONS, CERTIFICATIONS, AND PLEDGES OF CERTAIN REVENUE IN CONNECTION WITH SUCH FINANCING.

WHEREAS, the City of Oak Ridge is a public and governmental body in Oak Ridge, Tennessee (the "Local Government"); and

WHEREAS, the Local Government has determined that it is necessary and desirable to undertake certain activities or tasks in connection with a wastewater facilities project, Department of Environment and Conservation Number **SRF 2017-396** (the "Project"), in and for the Local Government; and

WHEREAS, Tennessee Code Annotated, Section 68-221-1001 *et. seq.*, provide for the lending of moneys in the wastewater facilities Revolving Loan Fund to Local Governments for the purpose of providing funds for Project Loans; and

WHEREAS, the local Government has determined that it is necessary and advisable to borrow funds for the Project pursuant to these sections.

NOW, THEREFORE, be it resolved as follows:

Section 1. Local Government hereby approves the creation of indebtedness on behalf of the Local Government in the principal amount of THREE MILLION, ONE HUNDRED THOUSAND DOLLARS (3,100,000) by the obtaining of a Project Loan.

Section 2. The execution and delivery of the Application for a Project Loan in the principal amount of THREE MILLION, ONE HUNDRED THOUSAND DOLLARS (\$ 3,100,000) for the purpose of funding all or a portion of the total estimated cost of the Project THREE MILLION, ONE HUNDRED THOUSAND DOLLARS (\$3,100,000), by Mark S. Watson, the City Manager of the Local Government, is hereby ratified and approved in all respects.

Section 3. The form, terms, and provisions of the agreement for the Project Loan among the Local Government, the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority (the "Loan Agreement"), as presented at this meeting, are hereby approved.

Section 4. The Local Government hereby agrees to honor and accept the method of financing as may be determined by the Authority pursuant to the Loan Agreement.

Section 5. The Local Government hereby agrees to make the monthly payments on the Project Loan in accordance with the Payment Schedule to be attached to the Loan Agreement.

Section 6. The Local Government hereby agrees to levy fees, rates or charges for services provided by the Project and/or to levy ad valorem taxes sufficient to pay the interest on and principal of the Project Loan in accordance with the Loan Agreement. The Local Government also agrees to levy fees, rates, or charges and/or ad valorem taxes sufficient to pay the cost of operation and maintenance of the wastewater system of which the Project is a part, which cost shall include depreciation and all other debt service expense of the system.

Section 7. The Local Government assigns and pledges its State-Shared Taxes to the State and consents to the withholding and application of State-Shared Taxes in the event of failure by the Local Government to remit monthly payments in accordance with the terms of the Loan Agreement, as the Loan Agreement may be supplemented or amended from time to time.

Section 8. The Local Government hereby agrees that there are no local pledges of State-Shared Taxes other than those disclosed.

Section 9. The Local Government hereby agrees to obtain alternative methods of financing for all costs necessary for the completion of the Project which are in excess of the combined financing provided by any agency of the United States Government and by the Tennessee Local Development Authority.

Section 10. The City Manager of the Local Government is authorized and directed to execute the Loan Agreement, and any amendments or supplements to the Loan Agreement, in the name and behalf of the Local Government; to deliver such documents to the other parties to such documents, such execution and delivery to be conclusive proof of the approval of the Local Government of such documents; and to take such further action and to execute and deliver such further instruments or documents as such officer may consider necessary or advisable in connection with the Loan Agreement. Provided, however, this resolution shall not be deemed to grant authority to the named officer to approve any increase in the amount of the Project Loan.

Section 11. All orders, resolutions, or ordinances in conflict with this resolution be and the same are repealed insofar as such conflict exists. This resolution shall become effective immediately upon its passage.

Duly passed and approved this _____ day of _____, 2017.

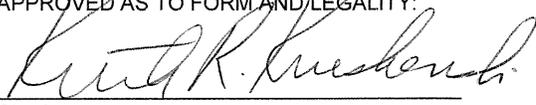
Warren L Gooch, Mayor

WITNESS:

(Affix Seal As Appropriate)

(Name and Title)

APPROVED AS TO FORM AND LEGALITY:



City Attorney

**REVOLVING FUND LOAN AGREEMENT
FOR TAX REVENUE ENTITIES
(i.e. TOWNS/CITIES/COUNTIES)**

This Agreement is among the Tennessee Department of Environment and Conservation (the "Department"), the Tennessee Local Development Authority (the "Authority") and the City of Oak Ridge (the "Local Government"), which is a Tennessee governmental entity authorized to own, operate, and manage wastewater facilities. The purpose of this Agreement is to provide for the financing of all or a portion of a wastewater facility by the Local Government. The Local Government submitted an application for the financing dated _____ which is hereby incorporated into this Agreement.

1. **DEFINITIONS.** Unless the context in this Agreement indicates another meaning, the following terms shall have the following meaning:
 - (a) "Administrative fee" means the fee to be collected by the Authority for administration of the loan in accordance with Tenn. Code Ann. Sections 68-221-1004(a) and 68-221-1204(a), both as amended;
 - (b) "Agreement" means this agreement providing financing for the Project from the Fund;
 - (c) "Facility" means either a wastewater facility or a water system;
 - (d) "Fund" means:
 - (1) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, Tenn. Code Ann. Sections 68-221-1001, et seq., as amended, and rules and regulations promulgated thereunder; or
 - (2) For water projects, the drinking water revolving loan fund created by the Drinking Water Revolving Loan Fund Act of 1997, Tenn. Code Ann. Sections 68-221-1201, et seq., as amended, and rules and regulations promulgated thereunder;
 - (e) "Initiation of Operation" means the date when all but minor components of the Project have been built, all treatment equipment is operational and the Project is capable of functioning as designed and constructed;
 - (f) "Local Government" means the governmental entity borrowing under this Agreement described in (1) Tenn. Code Ann. Section 68-221-1003(7), as amended, if a wastewater facility and (2) Tenn. Code Ann. Section 68-221-1203(6), as amended, if a water system;
 - (g) "Obligations" means bonds, notes and any other evidence of indebtedness lawfully issued or assumed by the Local Government;
 - (h) "Project" means the activities or tasks concerning a facility described in the application submitted by the Local Government to be financed pursuant to this Agreement;
 - (i) "Project Cost" means the total amount of funds necessary to complete the Project;
 - (j) "Project Loan" means the moneys loaned from the Fund to finance the Project and, except for principal forgiven, if any, required to be repaid pursuant to this Agreement;

(k) "Revenues" means all fees, rents, tolls, rates, rentals, interest earnings, or other charges received or receivable by the Local Government from the water or wastewater system which is the Project, or of which the Project is or will be a component, including any revenues derived or to be derived by the Local Government from a lease, agreement or contract with any other local government, local government instrumentality, the state, or a state or federal agency for the use of or in connection with the system, or all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the Local Government from the operation of the system or arising from the system;

(l) "State" means the state of Tennessee acting through the Department and the Authority, jointly or separately, as the context requires;

(m) "State-Shared Taxes" has the meaning established by Tenn. Code Ann. Section 4-31-102, as amended; and

(n) "Unobligated State-Shared Taxes" means State-Shared Taxes which have not been pledged or applied to any other prior indebtedness.

2. PROJECT

(a) Description. The description of the Project is as described in the application submitted by the Local Government.

(b) Funding Sources. The Local Government estimates the Project Cost to be \$3,100,000 which is expected to be funded as follows:

(1) Project Loan	\$ 3,100,000
(2) Principal Forgiveness	\$ -0-
(3) Local Funds	\$ -0-
(4) Other Funds	\$ -0-
TOTAL	\$ 3,100,000

3. LOAN

(a) Loan and use of proceeds. The State shall lend to the Local Government from moneys available in the Fund an aggregate principal amount not to exceed THREE MILLION, ONE HUNDRED THOUSAND Dollars (\$3,100,000) to bear interest as described in (b) below. The Project Loan shall be used by the Local Government for completion of the Project and in accordance with engineering plans and specifications and special conditions, approved and required by the Department and hereby incorporated into this Agreement. Interest on the Project Loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 of this Agreement.

(b) Interest rate. The rate of interest for this Project Loan is that rate established by the Authority at the meeting at which this Project Loan is approved and stated on the payment schedule which is incorporated into and attached to this Agreement.

- (c) Administrative fee. The Authority shall collect a fee equal to 8 basis points of the total Project Loan, where one basis point is equal to one-hundredth of one percent (0.01%). This fee shall be payable in monthly installments equal to one-twelfth (1/12) of the annual fee amount as stated on the payment schedule.
- (d) Payment schedule. The Local Government expressly agrees to make all payments of principal and interest in accordance with the payment schedule, including the form of payment (currently electronic funds transfer), as it is from time to time revised by the State. A revision of the payment schedule shall not be deemed to be an amendment of this Agreement.

4. REPAYMENT OF PROJECT LOAN.

(a) Payments.

- (1) The Local Government promises to repay to the order of the State the Project Loan plus interest, payable in installments on the 20th day of each month in accordance with the payment schedule established by the Authority and attached to this Agreement. The payment schedule will require payments of interest to begin after the first disbursement pursuant to Section 5 of this Agreement. The payment schedule will require repayments of principal to begin the earlier of:

(A) Within ninety (90) days after Initiation of Operation of the Project for construction loans or within two (2) years of loan approval for planning and design loans; or

(B) Within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed.

- (2) Notwithstanding Section 4(a)(1), the Authority may agree in the instance of a newly created water system to defer the commencement of principal repayment for no more than one year after Initiation of Operation of the Project.

- (b) Reduction. The Project Loan, and the required payments made pursuant to the payment schedule, shall be reduced to reflect:

(1) Funding not listed in Section 2(b) which subsequently becomes available; or

(2) The amount actually disbursed by the State to the Local Government pursuant to the Agreement as the Project Loan.

If any of the conditions set out in Section 4(b)(1) or (b)(2) occur, a new payment schedule reflecting such changes shall be submitted to the Local Government to be attached to this Agreement, superseding any previous schedules.

- (c) Prepayment. The Local Government, at its option, may prepay all or any portion of the Project Loan.

- (d) Principal Forgiven. A portion of the original principal amount of the Project Loan may be forgiven by the State. The principal forgiven shall be Zero percent (0%) of the original principal amount of the Project Loan, or if the full original amount of the Project Loan is not used, then Zero percent (0%) of the amount of the Project Loan actually disbursed. Notwithstanding Section 3, no interest shall accrue on the amount of principal forgiven pursuant to this Section 4(d).

5. DISBURSEMENT OF PROJECT LOAN. Each request by the Local Government for disbursement of the Project Loan shall constitute a certification by the Local Government that all representations made in this Agreement remain true as of the date of the request and that no adverse developments affecting the financial condition of the Local Government or its ability to complete the Project or to repay the Project Loan plus interest have occurred since the date of this Agreement unless specifically disclosed in writing by the Local Government in the request for disbursement. Submitted requests for disbursement must be supported by proper invoices and other documentation required by and acceptable to the Department and the Authority.

After the Department has certified and the Authority has approved a request for disbursement, the Authority will disburse the Project Loan during the progress of the Project. Each disbursement shall be by electronic funds transfer or such other form of payment as specified in the payment schedule and shall be equal to that portion of the unpaid principal amount incurred to the date of the Local Government's request for disbursement. The amount of any principal forgiven shall be allocated on a pro-rata basis to each disbursement made.

No more than 90% of the Project Loan shall be paid to the Local Government prior to the time: 1) the construction of the Project has been completed, 2) the facilities constituting the Project are in the opinion of the Department in proper operation, and 3) the Project has been approved by the Department. Following approval of the Project by the Department, the remaining 10% of the Project Loan may be paid to the Local Government. Provided, however, that if this Project Loan is for planning or replanning and design, payments may be made prior to the completion of construction of the Project for the full amount of costs associated with the planning or replanning and design.

6. AMENDMENT.

- (a) Increase in Project Loan. If the final Project Cost is greater than is estimated in Section 2(b), then the Project Loan may be increased by a subsequent agreement executed by the parties to this Agreement (the amount of such increase may be subject to a different interest rate) if the following conditions are fulfilled:

- (1) Amounts in the Fund are authorized and available for such increase;
- (2) The increased Project Loan otherwise meets the applicable statutory requirements and the rules adopted thereunder; and
- (3) Such increase in this Project Loan does not result in any violation or breach of any contract, resolution, or ordinance of the Local Government.

- (b) Other Amendments and Modifications. Any other amendment or modification of this Agreement must first be approved by the Authority and must be in writing executed by the parties to this Agreement.

7. REPRESENTATIONS AND COVENANTS OF LOCAL GOVERNMENT. The Local Government hereby represents, agrees, and covenants with the State as follows:

- (a) To construct, operate, and maintain the Project in accordance, and to comply, with all applicable federal and state statutes, rules, regulations, procedural guidelines, and grant conditions;

- (b) To comply with:
 - (i) The Project schedule, engineering plans and specifications, and any and all special conditions established and/or revised by the Department; and
 - (ii) Any special conditions established and/or revised by the Authority including, but not limited to, the Authority's "State Revolving Fund Policy and Guidance for Borrowers" adopted on September 21, 2016, and as may be amended or revised from time to time, the terms and conditions of which are adopted by reference as if fully set forth herein;
- (c) To commence operation of the Project on its completion and not to contract with others for the operation and management of, or to discontinue operation or dispose of, the Project without the prior written approval of the Department and the Authority;
- (d) To provide for the Local Government's share of the cost of the Project;
- (e) To comply with applicable federal requirements including the laws and executive orders listed on Exhibit A to this Agreement;
- (f) To advise the Department before applying for federal or other state assistance for the Project;
- (g) To establish and maintain adequate financial records for the Project in accordance with generally accepted government accounting principles; to cause to be made an annual audit acceptable to the Comptroller of the Treasury of the financial records and transactions covering each fiscal year; and to furnish a copy of such audit to the Authority. In the event of the failure or refusal of the Local Government to have the annual audit prepared, then the Comptroller of the Treasury may appoint an accountant or direct the Department of Audit to prepare the audit at the expense of the Local Government;
- (h) To provide and maintain competent and adequate engineering supervision and inspection of the Project to insure that the construction conforms with the engineering plans and specifications approved by the Department;
- (i) To abide by and honor any further guarantees or granting of security interests as may be required by the State which are not in conflict with state or federal law;
- (j) To do, file, or cause to be done or filed, any action or statement required to perfect or continue the lien(s) or pledge(s) granted or created hereunder;
- (k) To establish and collect, and to increase, user fees and charges and/or increase or levy, as the case may be, ad valorem taxes as needed to pay the monthly installments due under this Agreement, as well as the other costs of operation and maintenance including depreciation and debt service of the system of which the Project is a part;
- (l) To receive the approval of the Authority prior to issuing any Obligations that are payable all or in part from any part of the Revenues if such Obligations are intended to be on parity or superior to the lien position created under this Agreement;
- (m) To notify the Assistant Secretary to the Authority in writing prior to issuing any Obligations that are payable all or in part from any part of the Revenues if such Obligations are intended to be subordinate to the lien position created under this Agreement;

- (n) To receive the approval of the Authority prior to pledging or encumbering the Local Government's State-Shared Taxes; and
- (o) The Local Government is subject to the jurisdiction of the Water and Wastewater Financing Board ("WWFB") established in Tenn. Code Ann. Section 68-221-1008 or of the Utility Management Review Board ("UMRB") created in Tenn. Code Ann. Section 7-82-701 as provided by law. If the Authority, in its sole discretion, determines that the Local Government's obligations under this Agreement have been or may be impaired, the Authority may refer the Local Government to the WWFB or UMRB (each a "Board") as appropriate. In the event of default under this Agreement, the Authority shall refer the Local Government to the Board having jurisdiction over the entity. In such event, the Local Government covenants, to the extent permitted by law, to request advisory technical assistance from the Board and to request that the Board propose any and all management, fiscal and/or rate changes necessary to enable the Local Government to fulfill its obligations to the Authority under this Agreement. The Local Government agrees to supply the Board with any information that the Board may request in connection with its analysis of the Local Government's system. The Local Government agrees that it will implement any and all technical, management, fiscal and/or rate changes recommended by the Board and determined by the Authority to be required for the Local Government to fulfill its obligations to the Authority under this Agreement.

8. SECURITY AND DEFAULT.

(a) As security for payments due under this Agreement, the Local Government pledges users fees and charges and/or ad valorem taxes, and covenants and agrees that it shall increase such fees or increase or levy, as the case may be, ad valorem taxes as needed to pay the monthly installments due under this Agreement, as well as the other costs of operation and maintenance of the system, including depreciation. The Local Government covenants to establish and collect such fees and taxes and to make such adjustments to raise funds sufficient to pay such monthly payments and costs but to create only a minimum excess. The Local Government further pledges such other additional available sources of Revenues as are necessary to meet the obligations of the Local Government under this Agreement.

As further security for payments due under this Agreement, the Local Government pledges and assigns subject to the provisions herein its Unobligated State-Shared Taxes in an amount equal to the maximum annual debt service requirements under this Agreement. If the Local Government fails to remit the monthly payments as established in the payment schedule, the Authority shall deliver by certified mail a written notice of such failure to the Local Government within 5 days of such failure and the Authority shall suspend making disbursements as provided in Section 5 until such delinquency is cured. If the Local Government fails to cure payment delinquency within 60 days of the receipt of such notice, such failure shall constitute an event of default under this Agreement and, in addition, the Authority shall notify the Commissioner of Finance and Administration of the State of Tennessee of the default of the Local Government and the assignment of Unobligated State-Shared Taxes under this Agreement. Upon receipt of such notice, the Commissioner shall withhold such sum or part of such sum from any State-Shared Taxes which are otherwise apportioned to the Local Government and pay only such sums necessary to liquidate the delinquency of the Local Government to the Authority for deposit into the fund. The Local Government acknowledges that it has no claim on State-Shared Taxes withheld as permitted under this Agreement.

If the Local Government breaches any other provision of this Agreement, the Authority shall deliver by certified mail a written notice of such breach to the Local Government within 30 days of the Authority learning of such breach. The Local Government's failure to cure the breach

within 60 days from receipt of notice of such breach shall constitute an event of default under this Agreement.

(b) Upon an event of default, the Authority may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. The Local Government shall be responsible for all costs that the Authority incurs in enforcing the provisions of this Agreement after an event of default, including, but not limited to, reasonable attorneys' fees.

9. CONDITIONS PRECEDENT. This Agreement is further conditioned on the receipt of the following documents, in form and substance acceptable to the Authority, if applicable, on or before the date of the first disbursement of the Project Loan; each document is to be dated or certified, as the case may be, on or before the date of the first disbursement of the Project Loan:

(a) A general certificate of the Local Government certifying the resolution or ordinance authorizing the Local Government to enter into this Agreement, the resolution or ordinance authorizing the rate and fee structure for the users of the system, and other matters;

(b) An opinion of the attorney or special counsel to the Local Government to the effect that:

(1) The Local Government has been duly created and is validly existing and has full power and authority (under its charter and by-laws or general law, if applicable, and other applicable statutes) to enter into and carry out the terms of this Agreement;

(2) This Agreement is duly executed and constitutes a valid and binding contract of the Local Government, enforceable in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors rights generally;

(3) This Agreement is not in conflict in any material way with any contracts, resolutions or ordinances of the Local Government; and

(4) There is no litigation materially adversely affecting this Agreement or the financial condition of the Local Government;

(c) An opinion of a licensed engineer or certified public accountant as to the sufficiency of the rates, fees and charges and any other fees and charges to meet costs of operation and maintenance, including depreciation and all debt service of the Local Government, as set forth in Paragraph 7(k) above;

(d) An opinion of a licensed engineer as to the reasonableness of the project costs and as to the estimated completion date of the Project; and

(e) A representation of the Local Government as to loans and State-Shared Taxes.

10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Agreement. The Local Government acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees, including but not limited to, the Department, the Authority, and the employees thereof, arising under this Agreement shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. Title 9, Chapter 8.

11. SEVERABILITY. In the event any covenant, condition or provision of this Agreement is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, the invalidity thereof shall in no way affect any of the other covenants, conditions or provisions hereof.
12. NOTICES. Any notice shall be delivered to the parties at the addresses below (or such other addresses as the parties shall specify to each other in writing):

To Department: Tennessee Department of Environment and Conservation
312 Rosa L. Parks Ave, 12th Floor
Nashville, TN 37243
ATTN: State Revolving Fund Loan Program

To Authority: Tennessee Local Development Authority
Suite 1600, James K. Polk Building
Nashville, TN 37243-0273
ATTN: Assistant Secretary

To Local Government: City of Oak Ridge
ATTN: Mark S. Watson, City Manager
P.O. Box 1
Oak Ridge, TN 37831

12. SECTION HEADINGS. Section headings are provided for convenience of reference only and shall not be considered in construing the intent of the parties to this Agreement.

13. EFFECTIVE DATE. The effective date of this Agreement shall be the date on which the Authority approves this Agreement as indicated below.

IN WITNESS WHEREOF, the parties to this Agreement have caused the Agreement to be executed by their respective duly authorized representatives.

LOCAL GOVERNMENT

NAME: City of Oak Ridge
(City)

BY: _____
(Mark S. Watson, City Manager)

TITLE: _____

DATE: _____

**TENNESSEE LOCAL DEVELOPMENT
AUTHORITY**

BY: _____

TITLE: _____

MEETING APPROVAL DATE: _____

INTEREST RATE: _____

APPROVED AS TO FUNDING:

**COMMISSIONER, DEPARTMENT OF
ENVIRONMENT AND CONSERVATION**

BY: _____

DATE: _____

**COMMISSIONER OF FINANCE AND
ADMINISTRATION**

BY: _____

DATE: _____

LOAN CONDITIONS

GENERAL LOAN CONDITIONS

City Of Oak Ridge
CWSRF 2017-396

The Local Government hereby agrees to comply with the General Loan Conditions and Special Loan Conditions attached to, and made a part of, this Loan Agreement.

1. No date reflected in the loan agreement, or in the project completion schedule, or extension of any such date, shall modify any compliance date established in an NPDES Permit. It is the borrower's obligation to request any required modification of applicable permit terms or other enforcement requirements.
2. In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from Disadvantaged Business Enterprises (DBE) in subagreement awards. The Minority Business Enterprises (MBE) fair share goal is 2.6% for construction and 5.2% for supplies, services and equipment. The Women's Business Enterprises (WBE) fair share goal is 2.6% for construction and 5.2% for supplies, services and equipment.

The following steps must be utilized in soliciting participation:

- a. Include qualified small, Disadvantaged Business Enterprises (DBE) on solicitation lists.
- b. Assure that small, Disadvantaged Business Enterprises (DBE) are solicited.
- c. Divide total project requirement, when economically feasible, into small tasks or quantities to permit maximum participation of small, Disadvantaged Business Enterprises (DBE).
- d. Establish delivery schedules, where requirements of the work permit, which will encourage participation by small, Disadvantaged Business Enterprises (DBE).
- e. Use services and assistance of the Small Business Administration and the Minority Business Development Agency of the U. S. Department of Commerce, as appropriate.
- f. Require construction contractors to solicit Disadvantaged Business Enterprises (DBE) participation utilizing above steps a. through e.

- g. Require the Loan Recipient to have the Prime Contractor provide EPA Form 6100-2 to any DBE Subcontractor(s) that will participate in the construction of the project. The DBE Subcontractor(s) will use this form to describe the work received from the Prime Contractor, how much the DBE Subcontractor(s) was/were paid, and describe any other concerns of the DBE Subcontractor(s). The DBE Subcontractor(s) will then mail the completed form(s) to the EPA DBE Coordinator; Small and Disadvantaged Business Program; EPA, Region IV; Office of Policy and Management; 61 Forsyth Street, SW; Atlanta, GA 30303-8960.
 - h. Require the Loan Recipient to have the Prime Contractor provide EPA Form 6100-3 to any DBE Subcontractor(s) intending to participate in the construction of the project. The DBE Subcontractor(s) will use this form to describe (1) the intended work to be performed for, and (2) the price of the work submitted to, the Prime Contractor. The DBE Subcontractor(s) will then submit the completed form(s) to the Loan Recipient as part of an Authority To Award (ATA) Bid Package.
 - i. Require the Loan Recipient to provide EPA Form 6100-4 to the Prime Contractor for completion. The Prime Contractor will use this form to identify each DBE Subcontractor that will participate in the construction of the project and the estimated dollar amount of each DBE subcontract. The Prime Contractor will then submit the completed form to the Loan Recipient as part of an Authority To Award (ATA) Bid Package.
3. The Local Government will comply with the following:
- a. The Local Government must adhere with the most current Wage Rate (Davis-Bacon Act) applicable to the project.
 - b. The bid advertisement for construction must state the wage rate requirements. The wage rate needs to be current at the bid opening.
 - c. The wage determination (including any additional classifications and wage rates conformed) and a Davis-Bacon poster (WH-1321) must be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen.
 - d. The wage rate information can be obtained at:
www.gpo.gov/davisbacon/referencemat.html and www.wdol.gov/.
4. The Local Government will comply with the following new American Iron and Steel requirements:

H.R.3547, "Consolidated Appropriations Act, 2014," (Appropriations Act) was enacted on January 17, 2014. This law provides appropriations for both Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) for Fiscal Year of 2014, while adding a American Iron and Steel requirement to these already existing programs. H.R. 3547 provides that none of the funds made available by a State water pollution control revolving fund as authorized by title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.) or made available by a drinking water

treatment revolving loan fund as authorized by Section 1452 of the Safe Drinking water Act (42 U.S.C. 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States. This requirement shall not apply in any case or category of cases in which the Administrator of the Environmental Protection Agency (EPA) finds that:

- 1) applying the American Iron and Steel requirements would be inconsistent with the public interest;
- 2) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
- 3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.

If the Administrator receives a request for a waiver under this section, the Administrator shall make a copy of the request and information concerning the request available to the public and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and other information available on the official EPA Internet Web site and by other electronic means.

5. The local government will comply with the following OMB Circular A-133 audit requirements:

The funding for this loan could be disbursed from federal or state sources or both. Therefore, the recipient should consider that all funding received is a federal award and abide by all relevant federal and/or state compliance requirements.

CFDA Title: Capitalization Grants for Clean Water State Revolving Funds

CFDA #: 66.458

Research and Development Award: No

Grant Number: CS470001XX

Federal Awarding Agency: Environmental Protection Agency, Office of Water

Confirmations of actual federal funding can be obtained at fiscal year-end from the Tennessee Comptroller of the Treasury, Division of Municipal Audit's Website @ <http://www.tn.gov/comptroller>.

At fiscal year-end, contact state SRF Loan Program for a breakdown by specific grant period(s), number(s), and amount(s).

OMB Circular A-133 Audit Requirements

Section 200 states, "Non-federal entities that expend \$750,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year..."

Section 320 states, “*The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within . . . nine months after the end of the audit period . . .*”

Section 225 states, “*In cases of continued inability or unwillingness to have an audit conducted in accordance with these requirements, Federal agencies and pass-through entities shall take appropriate action using sanctions such as (a) Withholding a percentage of Federal awards until the audit is completed satisfactorily; (b) Withholding or disallowing overhead costs; (c) Suspending Federal awards until the audit is conducted; or (d) Terminating the Federal award.*”

6. The State of Tennessee and/or The United States Environmental Protection Agency shall have access to the official project files and job site.
7. The Local Government will Comply with the Fiscal Sustainability Plan (FSP) requirements set out in the FWPCA section 603(d)(1)(E) as follow
 - (i) develop and implement a Fiscal Sustainability Plan that includes_
 - (I) An inventory of critical assets that are a part of the treatment works;
 - (II) an evaluation of the condition and performance of inventoried assets or asset groupings;
 - (III) a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
 - (IV) A plan for maintaining, repairing, and as necessary, replacing the treatment works and a plan for funding such activities; or
 - (ii) Certify that the recipient has developed and implemented a plan that meets the requirements under clause(i);

SPECIAL LOAN CONDITIONS

1. The following project schedule is established:
 - a. Start construction on or before
 - b. Initiate operation on or before
 - c. Complete construction on or before

The State Revolving Fund Loan Program may amend the project schedule above upon written request and for good cause shown.

Failure to adhere to the project schedule established above, or secure an amended project schedule from the State Revolving Fund Loan Program, will constitute a breach of contract pursuant to Division Rule 0400-46-06-.07(10) and may result in loss of principal forgiveness, loss of interest rate reduction or both.

The State Revolving Fund Loan Program may take other such actions as may be necessary relative to breach of contract against a borrower that fails to carry out its obligations under Chapter 0400-46-06 and this loan agreement up to and including cancellation of loan funding.