

**OAK RIDGE CITY COUNCIL
SPECIAL MEETING
Municipal Building Courtroom**

February 25, 2013—Immediately Following Special-Called Meeting

AGENDA

- I. INVOCATION
- II. PLEDGE OF ALLEGIANCE
- III. ROLL CALL
- IV. RESOLUTIONS
 - 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.
(\$4,000,000.00 Principal Amount)
 - b. 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.
(\$14,000,000.00 Principal Amount)
- V. ADJOURNMENT

RESOLUTIONS

FINANCE DEPARTMENT MEMORANDUM
13-02

DATE: February 15, 2013
TO: Mark S. Watson, City Manager
FROM: Janice E. McGinnis, Finance Director
SUBJECT: \$14,000,000 and \$4,000,000 State Revolving Fund (SRF) Loans

Attached are Authorizing Resolutions for a \$14,000,000 and a \$4,000,000 loan from the State Revolving Fund (SRF) program to finance the majority of the \$23,090,000 in wastewater capital projects outlined in the City's Wastewater Collection System Remediation Plan, which was submitted to and approved by the US Environmental Protection Agency (EPA) as part of the requirements to meet the EPA Administrative Order. The SRF Loan Program is administered by the State of Tennessee Department of Environment and Conservation (TDEC). Also attached, is the applicable Revolving Fund Loan Agreement to be executed by the City and State which outlines the terms and conditions of the loans. The Authorizing Resolution and Loan Agreement terms of the two loans are identical except that the \$4,000,000 loan (TDEC Number CW1 2013-324) contains a principal forgiveness clause. Section 4(d), page 3, of that loan agreement, states: A portion of the SRF funding for the Project Loan shall be forgiven by the State. The principal forgiven shall be \$400,000.

Key points related to the loans are as outlined below.

Term: 20-year principal payment amortization begins with the earlier of (1) within 90 days after the Project is complete, 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 has been set by the State at 1.15%.

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.

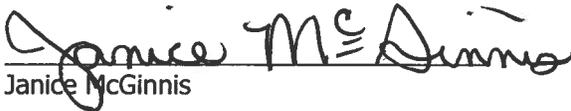
Spend Down Period: Until principal payments begin as outlined in the loan terms above.

The advantages of this loan program are very low fixed interest/fee rate of 1.23%, 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 the end of the spend down period, the loan principal payment amortization is restructured based on the actual principal borrowed. If the full loan amount is drawn, annual principal and interest/fee payments are projected at just under \$1,000,000.

The SRF loans will only be used toward the funding of the engineering, design and construction of the \$23,090,000 in wastewater capital projects outlined in the City's Wastewater Collection System Remediation Plan. The majority of the funding for the projects outlined in the Remediation Report are planned to be funded through the SRF loan. At this time, there is only

\$18,000,000 in available funding from the SRF loan. If State funding is available, the SRF loan can be amended upon State and City Council approval to include additional proceeds to cover the any remaining costs to complete these projects. The \$5,000,000 TMBF loan approved by City Council on September 10, 2012 will fund approximately \$2,000,000 of the \$23,090,000 in capital projects, primarily design projects and construction projects East Plant I and II.

Staff recommends approval of the attached resolutions.


Janice McGinnis

Attachments

City Manager's Comments:

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


Mark S. Watson


Date

REVOLVING FUND LOAN AGREEMENT

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 (the "Project") by the Local Government. The Local Government submitted an application for the financing dated _____ which is made by reference a part of 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 TCA Sections 68-221-1004(a) and 68-221-1204(a);
 - (b) "Agreement" means this agreement providing financing for the Project from the Fund;
 - (c) "Clean Water Act" means the Water Pollution Control Act of 1972, PL 92-500, 33 U.S.C. Sections 1251 et seq., as amended, and rules and regulations promulgated thereunder;
 - (d) "Facility" means either a wastewater facility or a water system;
 - (e) "Fund" means:
 - (1) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, TCA Sections 68-221-1001, et seq., 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, TCA Sections 68-221-1201, et seq., and rules and regulations promulgated thereunder;
 - (f) "Local Government" means the governmental entity borrowing under this Agreement described in (1) TCA Section 68-221-1003(7)(A), as amended, if a wastewater facility and (2) TCA Section 68-221-1203(6), as amended, if a water system.
 - (g) "Program Loan" and "Loan Program Agreement" have the meanings established by TCA Section 4-31-102, as amended;
 - (h) "Project" means the activities or tasks concerning a facility described in the Application 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 required to be repaid pursuant to this Agreement;
 - (k) "Safe Drinking Water Act" means the Safe Drinking Water Act, Title XVI of Public Health Service Act, 42 U.S.C. Sections 300f et seq., as amended, and rules and regulations promulgated thereunder;

- (l) "State" shall mean 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 TCA 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. A description of the Project is contained in the Application.
- (b) Funding Sources. The Local Government estimates the Project Cost to be **\$23,090,800** which is expected to be funded as follows:

(1) State Revolving Fund (SRF) Loan	\$ 3,600,000
(2) Principal Forgiveness	\$ 400,000
(3) Local Funds	\$ 3,090,800
(4) Other Funds (SRF 2013-325)	\$14,000,000
(5) Other Funds (Tennessee Municipal Bond Fund Loan)	\$ 2,000,000
TOTAL	<u>\$23,090,800</u>

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 **FOUR MILLION DOLLARS (\$4,000,000)** (the "Project Loan") to bear interest as described in (b) below. The loan shall be used by the Local Government for completion of the Project described in the Application and in accordance with plans and specifications and special conditions, approved and required by the Department. Interest on the Project Loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 hereof.
- (b) Interest rate. The rate of interest for this Project Loan is that rate established by the Authority at the meeting at which this loan is approved and stated on the payment schedule which is incorporated into this Agreement and attached hereto.
- (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. 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. 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 either (1) within ninety (90) days after the Project is completed, or, if the Project consists solely of planning, replanning, or design work, after the Project is complete; or (2) within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed, whichever event occurs earlier. Provided, however, 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 the Project is completed.
- (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 above shall 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 SRF funding for the Project Loan shall be forgiven by the State. The principal forgiven shall be **\$400,000.**
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. No more than 90% of the Project Loan shall be paid to the Local Government prior to the time the construction of the Project has been completed, the facilities constituting the Project are in the opinion of the Department in proper operation, and the Project has been approved by the Department; at that time 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 hereto (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 regulations 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 hereto.

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 the Project schedule, plans and specifications, and any and all special conditions established and/or revised by the Department;
- (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 advise the Authority before pledging or encumbering its State Shared Taxes;
- (f) To comply with applicable federal requirements including the laws and executive orders listed on Exhibit A to this Agreement;
- (g) To advise the Department before applying for federal or other State assistance for the Project;
- (h) 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;

- (i) To provide and maintain competent and adequate engineering supervision and inspection of the Project to insure that the construction conforms with the approved Plans and Specifications;
 - (j) To abide by and honor any further guarantees or securities as may be required by the State which are not in conflict with State or federal law;
 - (k) 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;
 - (l) 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.
8. SECURITY AND DEFAULT. 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 here under, as well as the other costs or 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 this Project Loan, 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. In the event 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. In the event the Local Government shall fail to cure payment delinquency within 60 days of the receipt of such notice, the Authority shall so 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.

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 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 to meet costs of operation and maintenance, including depreciation and all debt service of the Local Government in Paragraph 7(1);
 - (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. 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.
11. 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
 401 Church Street, 8th 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

DATE: _____

COMMISSIONER, DEPARTMENT OF ENVIRONMENT AND CONSERVATION

BY: _____

DATE: _____

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

BY: _____

TITLE: _____

MEETING APPROVAL DATE: _____

INTEREST RATE: _____

APPROVED AS TO FUNDING:

COMMISSIONER OF FINANCE AND ADMINISTRATION

BY: _____

DATE: _____

GENERAL CONDITIONS

City of Oak Ridge

CW1 # 2013-324

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

1. The following project schedule is established:
 - a. Submit complete plans and specifications on or before MM/DD/YYYY.
 - b. Receive bids on or before MM/DD/YYYY
 - c. Start construction on or before MM/DD/YYYY.
 - d. Complete construction on or before MM/DD/YYYY.
 - e. Initiate operation on or before MM/DD/YYYY.
 - f. Complete start up services on or before MM/DD/YYYY.
2. 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.
3. 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.

4. 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/.

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 \$500,000 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.

SPECIAL CONDITIONS

1. Army COE requires Section 10/404 Permit
2. The Historical Commission request that a detailed and clearly marked USGS topographic 7.5 minute series map indicating the exact location of the proposed new equalization basins be submitted to them for review.

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 **CW1 2013-324** (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 **FOUR MILLION DOLLARS (\$4,000,000)** 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 **FOUR MILLION DOLLARS (\$4,000,000)** for the purpose of funding all or a portion of the total estimated cost of the Project **TWENTY THREE MILLION, NINETY THOUSAND AND EIGHT HUNDRED DOLLARS (\$23,090,800)**, 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.

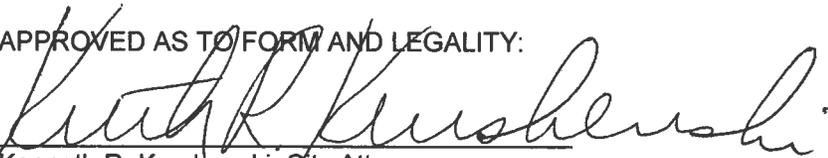
Section 11. All orders, resolutions, or ordinances in conflict with this resolution be and the same are repealed insofar as such conflict exists. This resolution shall become effective immediately upon its passage.

Duly passed and approved this _____ day of _____, 2013.

Thomas L. Beehan, Mayor

WITNESS:

APPROVED AS TO FORM AND LEGALITY:



Kenneth R. Krushenski, City Attorney

(Affix Seal As Appropriate)

(Name and Title)

REVOLVING FUND LOAN AGREEMENT

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 a wastewater facilities. The purpose of this agreement is to provide for the financing of all or a portion of a wastewater facility (the "Project") by the Local Government. The Local Government submitted an application for the financing dated _____ which is made by reference a part of 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 TCA Sections 68-221-1004(a) and 68-221-1204(a);
 - (b) "Agreement" means this agreement providing financing for the Project from the Fund;
 - (c) "Clean Water Act" means the Water Pollution Control Act of 1972, PL 92-500, 33 U.S.C. Sections 1251 et. seq., as amended, and rules and regulations promulgated thereunder;
 - (d) "Facility" means either a wastewater facility or a water system;
 - (e) "Fund" means:
 - (1) For wastewater projects, the wastewater revolving loan fund created by the Tennessee Wastewater Facilities Act of 1987, TCA Sections 68-221-1001, et seq., 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, TCA Sections 68-221-1201, et seq., and rules and regulations promulgated thereunder;
 - (f) "Local Government" means the governmental entity borrowing under this Agreement described in (1) TCA Section 68-221-1003(7)(A), as amended, if a wastewater facility and (2) TCA Section 68-221-1203(6), as amended, if a water system.
 - (g) "Program Loan" and "Loan Program Agreement" have the meanings established by TCA Section 4-31-102, as amended;
 - (h) "Project" means the activities or tasks concerning a facility described in the Application 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 required to be repaid pursuant to this Agreement;
 - (k) "Safe Drinking Water Act" means the Safe Drinking Water Act, Title XVI of Public Health Service Act, 42 U.S.C. Sections 300f et seq., as amended, and rules and regulations promulgated thereunder;

- (l) "State" shall mean 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 TCA 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. A description of the Project is contained in the Application.
- (b) Funding Sources. The Local Government estimates the Project Cost to be **\$23,090,800** which is expected to be funded as follows:

(1) State Revolving Loan	\$ 14,000,000
(2) Local Funds	\$ 3,090,800
(3) Other Funds (CW1 2013-324)	\$ 4,000,000
(4) Other Funds (Tennessee Municipal Bond Fund Loan)	\$ 2,000,000
TOTAL	<u>\$ 23,090,800</u>

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 **FOURTEEN MILLION DOLLARS (\$14,000,000)**, (the "Project Loan") to bear interest as described in (b) below. The loan shall be used by the Local Government for completion of the Project described in the Application and in accordance with plans and specifications and special conditions, approved and required by the Department. Interest on the Project Loan will begin to accrue upon the first disbursement of the Project Loan pursuant to Section 5 hereof.
- (b) Interest rate. The rate of interest for this Project Loan is that rate established by the Authority at the meeting at which this loan is approved and stated on the payment schedule which is incorporated into this Agreement and attached hereto.
- (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. 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. 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 either (1) within ninety (90) days after the Project is completed, or, if the Project consists solely of planning, replanning, or design work, after the Project is complete; or (2) within one hundred twenty (120) days after ninety percent (90%) of the Project Loan has been disbursed, whichever event occurs earlier. Provided, however, 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 the Project is completed.
- (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 above shall 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.

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. No more than 90% of the Project Loan shall be paid to the Local Government prior to the time the construction of the Project has been completed, the facilities constituting the Project are in the opinion of the Department in proper operation, and the Project has been approved by the Department; at that time 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 hereto (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 regulations 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 hereto.

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 the Project schedule, plans and specifications, and any and all special conditions established and/or revised by the Department;
- (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 advise the Authority before pledging or encumbering its State Shared Taxes;
- (f) To comply with applicable federal requirements including the laws and executive orders listed on Exhibit A to this Agreement;
- (g) To advise the Department before applying for federal or other State assistance for the Project;
- (h) 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;
- (i) To provide and maintain competent and adequate engineering supervision and inspection of the Project to insure that the construction conforms with the approved Plans and Specifications;

- (j) To abide by and honor any further guarantees or securities as may be required by the State which are not in conflict with State or federal law;
- (k) 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;
- (l) 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.

8. SECURITY AND DEFAULT. 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 here under, as well as the other costs or 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 this Project Loan, 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. In the event 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. In the event the Local Government shall fail to cure payment delinquency within 60 days of the receipt of such notice, the Authority shall so 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.

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 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 to meet costs of operation and maintenance, including depreciation and all debt service of the Local Government in Paragraph 7(l);
 - (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. **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.
11. **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
 401 Church Street, 8th 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

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 2013-325

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

1. The following project schedule is established:
 - a. Submit complete plans and specifications on or before MM/DD/YYYY.
 - b. Receive bids on or before MM/DD/YYYY
 - c. Start construction on or before MM/DD/YYYY.
 - d. Complete construction on or before MM/DD/YYYY.
 - e. Initiate operation on or before MM/DD/YYYY.
 - f. Complete start up services on or before MM/DD/YYYY.
2. 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.
3. 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.
4. 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/.

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 \$500,000 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.

SPECIAL LOAN CONDITIONS

1. Army COE requires Section 10/404 Permit
2. The Historical Commission request that a detailed and clearly marked USGS topographic 7.5 minute series map indicating the exact location of the proposed new equalization basins be submitted to them for review.

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** (name of local government) 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 2013-325** (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 **FOURTEEN MILLION Dollars (\$14,000,000)** 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 **FOURTEEN MILLION Dollars (\$ 14,000,000)** for the purpose of funding all or a portion of the total estimated cost of the Project **TWENTY THREE MILLION, NINETY THOUSAND AND EIGHT HUNDRED Dollars (\$23,090,800)**, 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.

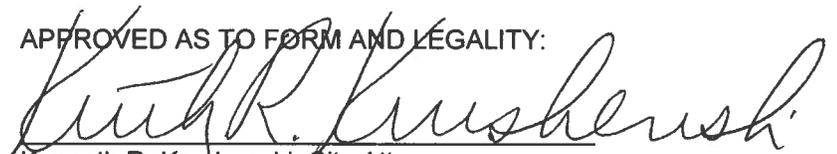
Section 11. All orders, resolutions, or ordinances in conflict with this resolution be and the same are repealed insofar as such conflict exists. This resolution shall become effective immediately upon its passage.

Duly passed and approved this _____ day of _____, 2013.

Thomas L. Beehan, Mayor

WITNESS:

APPROVED AS TO FORM AND LEGALITY:


Kenneth R. Krushenski, City Attorney

(Affix Seal As Appropriate)

(Name and Title)