



**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**JUNE 19, 2018**  
**AGENDA**

1. Call Meeting to Order
2. Approval of minutes from the TLDA meeting of May 16, 2018
3. Consider for approval the following CWSRF loans:

	SRF Base Loan	Principal Forgiveness	Total SRF Funding	Interest Rate
Cleveland, CW6 2018-415	\$900,000	\$100,000	\$1,000,000	1.56%
Cleveland, SRF 2018-416	\$350,500	\$ -	\$ 350,500	1.56%

4. Adjourn

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**

**May 16, 2018**

The Tennessee Local Development Authority (the Authority or TLDA) met on Wednesday, May 16, 2018, at 1:10 p.m. in the State Capitol, Executive Conference Room, Ground Floor, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

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

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted in the meeting notice:

Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order, and asked Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Office of State and Local Finance to perform a roll-call:

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

Mr. Hargett asked for a motion to approve the minutes of the March 13, 2018, TLDA meeting and a correction of the minutes from the TLDA meeting of January 25, 2018. Mr. Martin made a motion to approve minutes, and Dr. Moore seconded the motion. Ms. Thompson performed a roll-call vote:

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

The minutes were unanimously approved.

Mr. Hargett stated that the next item of business was consideration of a request for approval of an amendment to the TLDA SRF Policy and Guidance for Borrowers related to audit filing compliance. He stated that previous discussion concerning audit filing compliance occurred at the March 13, 2018, TLDA meeting and that a copy of the proposed revisions was included in the meeting materials. He asked Ms. Thompson to present the item. Ms. Thompson stated that staff is proposing a revision to the policy and guidance to provide clarification and guidance to borrowers regarding the audit filing requirement set forth in the loan agreement. She said that a notification

letter would be sent to borrowers upon approval of the proposed revision Ms. Thompson said that the proposed section is titled *Filing of Annual Audit Report* and reminds borrowers of their audit filing responsibility under Tennessee state law and the SRF loan agreement. She stated that the proposed policy instructs borrowers to notify the TLDA of a delinquent filing and provide the reason for delinquency and the expected filing date. She said that failure to timely file could delay the loan approval process and result in disapproval in certain cases. Furthermore, she stated that utility districts and authorities that plan to issue additional debt are instructed to submit a waiver request if they did not file within 6 months of the fiscal year-end as required by their loan agreement. In addition, she said that borrowers requesting to modify a lien position that did not timely file are instructed to include the reason for delinquent filing and expected filing date in its modification request to the TLDA. Lastly, she said that the proposed revision addresses borrowers' audit filing responsibilities under "other contracts". Mr. Hargett made a motion to approve the revision to the policy and guidance, and Mr. Lillard seconded the motion. Ms. Thompson performed a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett asked Ms. Thompson to present the next item on the agenda. Ms. Thompson stated that as required by TLDA SRF Policy and Guidance, the city of Jefferson City submitted a notification to the TLDA of its intent to issue a USDA bond subordinate to its SRF loan. She said that the proceeds would be used to finance water and sewer system improvements and extensions. She said that no approval is required by the TLDA.

Mr. Hargett stated that the next item of business was a request from the West Warren-Viola Utility District (the "District") to issue a USDA Water and Sewer Revenue Bond in an amount not to exceed \$1,225,000. He asked Ms. Thompson to present the request. Ms. Thompson stated that The West Warren-Viola Utility District is requesting approval from the TLDA to issue a Series 2018 USDA Water and Sewer Revenue Bond on a subordinate basis to its outstanding SRF loan, and that TLDA approval is required by the SRF loan agreement and guidelines set forth in the TLDA SRF Policy and Guidance for Borrowers. She said that that the Series 2018 proceeds will be used to construct improvements and extensions to the District's water and sewer system. She stated that the Office of State and Local Finance performed an analysis which was included in the meeting materials. She stated that the District has a history of timely loan repayments, has a fully funded security deposit, and has timely filed its audited financial statements. She said that at December 31, 2016, the District reported \$9,467,807 in unrestricted cash and \$110,969 in cash reserved for debt service which includes debt service reserves. She said that the District reported debt service coverage of 4.64 times for fiscal year 2016, and projects coverage ranging from 4.07 to 4.30 times for fiscal years 2018-2021 after the issuance of the Series 2018 Bonds. She stated that based upon the analysis by the Office of State and Local Finance, the District will have sufficient cash and revenues to meet its obligations and that the District appears to meet TLDA's guidelines for approval to issue additional bonds with a subordinate lien position to its outstanding SRF loan agreement. Dr. Moore made a motion to approve the request, and Mr. Hargett seconded the motion. Ms. Thompson performed a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett asked Ms. Paula Mitchell, Environmental Program Director of the Tennessee Department of Environment and Conservation (TDEC) Division of Water Resources to present the requests for Clean Water State Revolving Fund (SRF) loans. Ms. Mitchell first presented the unobligated fund balance. She stated the balance was \$46,450,594 as of March 13, 2018. This balance increased a total of \$7,620 from a loan decrease. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to \$39,895,683. She then described the loan requests:

- Camden (SRF 2018-412)—Requesting \$1,900,000 for wastewater treatment plant (WWTP) improvements—secondary treatment (Phase 2—land application system to include an effluent pump station, force main, and drip/spray irrigation system; recommended interest rate of 1.04% based on the Ability to Pay Index (ATPI).
- Hallsdale-Powell Utility District (SRF 2018-410)—Requesting \$4,548,250 for Beaver Creek interceptor improvement project (contract 3): The project includes replacing approximately 5,520 linear feet (LF) of 36-inch diameter interceptor sewer and associated manholes and replacing approximately 6,150 LF of existing undersized sewers with new 8-inch, 12-inch, and 36-inch diameter collector sewers; recommended interest rate of 1.72% based on the ATPI.
- Parrottsville (SRF 2018-414)—Requesting \$114,281 for WWTP improvements—advanced treatment (Repair sand filter and subsurface around filter and recirculation tank; install new Ultraviolet disinfection system; and construct an effluent stair aeration; recommended interest rate of 0.63% based on the ATPI.

Mr. Lillard made a motion to approve the loan, and Mr. Hargett seconded the motion. Ms. Thompson performed a roll-call vote:

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

The motion was unanimously approved.

Ms. Mitchell then presented the requests for Drinking Water SRF loans. She first presented the unobligated fund balance. She stated the balance was \$60,909,760 as of March 13, 2018. Upon approved of the loan request to be presented, the funds available for loan obligation would decrease to \$59,336,385. She then described the loan requests:

- Lebanon (DW6 2018-202)—Requesting \$1,000,000 (\$800,000 (80%) loan; \$200,000 (20%) principal forgiveness) for distribution system improvements (upgrade the Seay Hill Water Booster Station and replace approximately 8,000 LF of 10-inch diameter water transmission main with 16-inch water transmission main); recommended interest rate of 1.81% based on the ATPI.
- Lebanon (DWF 2018-203)—Requesting \$300,000 for distribution system improvements (upgrade the Seay Hill Water Booster Station and replace approximately 8,000 LF of 10-inch diameter water transmission main with 16-inch water transmission main); recommended interest rate of 1.81% based on the ATPI.
- Waverly (DG6 2018-208)—Requesting \$273,375 (\$218,700 (80%) loan; \$54,675 (20%) principal forgiveness for green water meter replacements (install approximately 2,700 automated meter reading devices); recommended interest rate of 1.29% based on the ATPI.

Dr. Moore made a motion to approve the loan, and Mr. Hargett seconded the motion. Ms. Thompson performed a roll-call vote:

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

The motion was unanimously approved.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Lillard made a motion to adjourn, and Dr. Moore seconded the motion. Ms. Thompson performed a roll-call vote:

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

The meeting was adjourned.

Approved on this \_\_\_\_ day of \_\_\_\_\_, 2018.

Respectfully submitted,

Sandra Thompson  
Assistant Secretary

DEPARTMENT OF ENVIRONMENT AND CONSERVATION  
DIVISION OF WATER RESOURCES

Clean Water State Revolving Fund (CWSRF) Loan Program  
Funds Available for Loan Obligation  
June 19, 2018

Unobligated Balance as of May 16, 2018 \$ 39,895,683

Increases:

\$ -

Unobligated Balance as of June 19, 2018 \$ 39,895,683

Applicants:

	<u>Loan Number</u>	<u>Loan Amount</u>
Cleveland (Subsidized @ \$100,000)	CW6 2018-415	\$ 1,000,000
Cleveland	SRF 2018-416	\$ 350,500
		<u>\$ 1,350,500</u>

Remaining Funds Available for Loan Obligations \$ 38,545,183

# FACT SHEET

JUNE 19, 2018

**Borrower:** City of Cleveland  
**Population:** 46,000  
**County:** Bradley County  
**Consulting Engineer:** GRW Engineers, Inc.  
**Project Number:** CW6 2018-415  
**Priority List Ranking/Points:** 19(FY 2016)/45  
**Recommended Term:** 20 years  
**Recommended Rate:**  $(2.58 \times 70\%) - (0.25\%) = 1.56\%$

**Project Description:** Collection System Expansion (Installation of approximately 7,750 LF of sewer lines to replace septic tanks in the area south of APD 40 between South Lee Highway and I-75 Exit 20)

**Total Project Cost:** \$ 1,350,500

**Sources of Funding:**

SRF Loan Principal (90%)	\$ 900,000
Principal Forgiveness (10%)	\$ 100,000
Other Funds (SRF 2018-416)	\$ 350,500
Local Funds	\$ -0-

**State-Shared Taxes:** \$ 6,421,865

**Debt Service:**

Prior Loans: (including SRF)	\$ 2,036,223	31.71%
Proposed Loan:	\$ 72,825	1.13%
Total:	\$ 2,109,048	32.84%

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

Current Rate: \$ 34.76

**Audit Report:**

Due Date 12/31/17  
Received Date: 12/29/17 (Timely)

**Public Meeting:** February 12, 2018

**REPRESENTATION OF THE LOCAL GOVERNMENT  
AS TO LOANS AND STATE-SHARED TAXES  
Cleveland CW6 2018-415**

The Local Government hereby represents that:

- (1) The total amount of State-Shared Taxes received by the Local Government in the prior fiscal year of the State is \$6,421,865.
- (2) (a) The prior loans which have been funded for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Loan #	Original \$/Amt	Principal Forgiveness	Max: Annual Debt Service
SRF/Sewer	CW0 2013-319	\$1,862,000	\$451,022	\$76,991
SRF/Sewer	SRF 2013-320	\$8,174,000.00	\$0	\$457,696
SRF/Sewer	CWA 2009-241	\$1,359,000	\$543,600	\$50,011
SRF/Sewer	CG4 2015-349	\$2,500.00	\$175,000	\$133,092
SRF/Sewer	CG3 2017-379	\$110,418	\$5,521	\$5,722
SRF/Sewer	SRF 2018-417	\$10,000,000	\$0	\$583,480
SRF/Water	DG2 2014-151	\$2,500,000	\$500,000	\$115,811
SRF/Water	DWF 2016-172	\$3,725,500	\$0	\$207,802
SRF/Water	DW6 2017-192	\$1,000,000	\$200,000	\$46,767
SRF/Water	DWF 2017-193	\$195,000	\$0	\$11,400
SRF/Water	DWF 2018-205	\$430,000	\$0	\$24,451
QSCB	BFC0100	\$4,160,000	\$0	\$323,000

- (b) The maximum aggregate annual debt service is \$2,036,223.
- (3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt	Principal Forgiven	Anticipated Max. Annual Debt Service
<b>SRF/Water</b>	<b>1.56%</b>	<b>\$1,000,000</b>	<b>\$100,000</b>	<b>\$52,413</b>
SRF/Water	1.56%	\$350,500	\$0	\$20,412

- (b) The anticipated maximum aggregate annual debt service is \$72,825.
- (4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

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



- (b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is \$0.
- (5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is \$2,109,048.
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$4,312,817.

Duly signed by an authorized representative of the Local Government on this 24th day of April, 2018

*This is the Comptroller's certificate as required by TCA 4-31-108. The approval of the loan(s) is contingent upon approval by the Tennessee Local Development Authority.*

LOCAL GOVERNMENT

BY:

  
Mr. Tim Henderson, President & CEO

# FACT SHEET

JUNE 19, 2018

**Borrower:** City of Cleveland

**Population:** 46,000

**County:** Bradley County

**Consulting Engineer:** GRW Engineers, Inc.

**Project Number:** SRF 2018-416

**Priority List Ranking/Points:** 19(FY 2016)/45

**Recommended Term:** 20 years

**Recommended Rate:**  $(2.58 \times 70\%) - (0.25\%) = 1.56\%$

**Project Description:** Collection System Expansion (Installation of approximately 7,750 LF of sewer lines to replace septic tanks in the area south of APD 40 between South Lee Highway and I-75 Exit 20)

**Total Project Cost:** \$ 1,350,500

## Sources of Funding:

SRF Loan Principal	\$ 350,500
Other Funds (CW6 2018-415)	\$ 1,000,000
Local Funds	\$ -0-

**State-Shared Taxes:** \$ 6,421,865

## Debt Service:

Prior Loans: (including SRF)	\$ 2,036,223	31.71%
Proposed Loan:	\$ 72,825	1.13%
Total:	\$ 2,109,048	32.84%

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

**Current Rate:** \$ 34.76

## Audit Report:

Due Date	12/31/17
Filed Date	12/29/17 (Timely)

**Public Meeting:** February 12, 2018

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AS TO LOANS AND STATE-SHARED TAXES  
Cleveland SRF 2018-416**

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SRF/Water	DWF 2018-205	\$430,000	\$0	\$24,451
QSCB	BFC0100	\$4,160,000	\$0	\$323,000

- (b) The maximum aggregate annual debt service is \$2,036,223.

- (3) (a) The loans which have been applied for or have been approved with funding not yet provided, for which the Local Government has pledged its State-Shared Taxes are as follows:

Loan Type	Anticipated Interest Rate	Original \$/Amt	Principal Forgiven	Anticipated Max. Annual Debt Service
SRF/Water	1.56%	\$1,000,000	\$100,000	\$52,413
SRF/Water	1.56%	\$350,500	\$0	\$20,412

- (b) The anticipated maximum aggregate annual debt service is \$72,825.

- (4) (a) State-Shared Taxes have been pledged by the Local Government to secure other obligations describe below:

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

- (b) The anticipated maximum aggregate annual pledge of State-Shared Taxes pursuant of other obligations is \$0.
- (5) The amount of Local Government indebtedness Subparagraphs (2)(b), (3)(b) and (4)(b) having a lien on the State-Shared Taxes referred above is \$2,109,048.
- (6) The amount set forth in Subparagraph (1) less the amount set forth in Subparagraph (5) is \$4,312,817.

Duly signed by an authorized representative of the Local Government on this 24th day of April, 2018

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LOCAL GOVERNMENT

BY:

  
Mr. Tim Henderson, President & CEO