

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
June 22, 2017

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Thursday, June 22, 2017, at 2:15 p.m. in the Tennessee State Capitol, Executive Conference Room, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
The Honorable Justin Wilson, Comptroller of the Treasury
Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration

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

Dr. Kenneth Moore, House Appointee
Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order and asked Ms. Sandra Thompson, Director of the Office of State and Local Finance ("OSLF") to call the roll:

Dr. Moore — Present
Mr. Wolfe — Present
Mr. Hargett — Present
Mr. Lillard — Present
Mr. Wilson — Present
Ms. Scott — Present

Mr. Hargett stated that the first item on the agenda was to approve the minutes of the previous TLDA Meeting held on May 11, 2017. Mr. Lillard made a motion to approve the minutes, Mr. Wilson seconded the motion, and Ms. Thompson called the roll:

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

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of approval of a recommendation by the Department of Environment and Conservation for the suballocation of Qualified Energy Conservation Bonds ("QECB") to Williamson County in response to the request for proposal for qualified uses of these bonds. Mr. Hargett asked Ms. Alexa Voytek, Grants Program Manager, Office of Energy Programs ("OEP") in the Department of Environment and Conservation ("TDEC"), to present the request.

Ms. Voytek explained that Williamson County Schools proposed to use the proceeds of a \$10,200,000 bond issuance to finance the first of at least three phases of an energy savings performance contract with Trane serving as the energy performance contractor. Ms. Voytek stated that during the first phase various energy savings measures would be performed within 14 Williamson County Schools. Ms. Voytek stated that the bond sale was expected to take place in July of 2017. Ms. Voytek explained that the full list of energy savings measures was included in the meeting packet and included lighting conversion to LED technology for both interior and exterior lighting, upgrading of computer-controlled thermostats, and installation of various HVAC systems upgrades. Ms. Voytek stated that the project was predicted to reduce the energy usage for this group of 14 schools from the current 49 kBtu/SF/Yr to 35, which is a 28% reduction. Ms. Voytek explained this is expected to produce over \$11 million of guaranteed energy savings over the term of the 16-year financing that will continue to provide savings for the lifetime of the systems. Ms. Voytek explained that Trane had conducted an investment grade audit of the 14 schools and would provide a guaranteed savings commitment for each of over 160 energy conservation measures. Ms. Voytek explained that the guaranteed savings written into the energy savings performance contract were expected to provide Williamson County Schools with cash savings sufficient to fund the county's payment of all costs and fees associated with the energy savings performance contract. Ms. Voytek explained that, should the guaranteed savings not be met, Trane would be required to make a payment to the city to cover the difference. Ms. Voytek then explained that Williamson County was originally designated as a large local jurisdiction (LLJ) under the QECB Program but it reallocated its share back to the state, as it did not have any projects it deemed appropriate at the time. Ms. Voytek stated that the County intended to adopt authorizing resolutions at its July County commission meeting. TDEC therefore presented this request and recommended approval contingent upon receipt of the authorizing resolution for the bond issuance by the county commission. Ms. Voytek stated that, if approved, the total QECB allocation remaining for suballocation would be \$12,060,745.

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

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

The motion was unanimously approved.

Mr. Hargett asked Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation ("TDEC") State Revolving Fund ("SRF") program to present the unobligated balance report for the Clean Water SRF and the Clean Water SRF loan requests. Mr. Hargett stated that, without objection, all loans would be considered as one item. Mr. Smith first presented the unobligated fund balance report. Mr. Smith stated that the balance was \$157,611,853 as of April 6, 2017, and upon approval of the loan requests to be presented totaling \$31,992,065, the funds available for loan obligations would be \$125,619,788.

Mr. Smith then presented the following loan requests:

- Greenbrier (SRF 2017-380)—Requesting \$2,163,700 for wastewater treatment plant ("WWTP") upgrades (construction of a SBR (sequencing batch reactor), digester, and effluent filter, add blowers; and replace pumps and controls); recommended interest rate of 0.52% based on the Ability to Pay Index (ATPI).
- Memphis (SRF 2015-355)—Requesting \$25,000,000 for modifications and upgrades to the existing treatment processes, and the addition of disinfection facilities at the T.E. Maxson wastewater treatment plant; recommended interest rate of 0.75% based on the ATPI.
- Millersville (CW6 2017-391)—Requesting \$518,000 (\$466,200 (90%) loan; \$51,800 (10%) principal forgiveness) for I/I (infiltration/inflow) corrections (SSES (sanitary sewer evaluation survey) and rehabilitation of the City's sewer collection system); recommended interest rate of 0.28% based on the ATPI.

- Oakland (SRF 2016-369)—Requesting \$1,010,365 for collection system expansion (provide sewer service to customers along Highway 64/Eastside and to the Wellington Place subdivision) and replacement of existing 175 MGD (million gallons per day) pumping station with a 400 MGD pumping station; recommended interest rate of 1.60% based on the Ability to Pay Index (ATPI).
- Oak Ridge (SRF 2017-396)—Requesting \$3,100,000 for modifying the existing wet well; replacing existing pumps, valves and associated piping; replacing the existing emergency generator, and electrical controls upgrades; recommended interest rate of 1.69% based on the Ability to Pay Index (ATPI).
- Parrottsville (CW5 2017-378)—Requesting \$200,000 (\$170,000 (85%) loan; \$30,000 (15%) principal forgiveness) for wastewater treatment plant improvements including advanced treatment (repair and filter and subsurface area around filter and recirculation tank, installation of a new UV disinfection system, construction of an effluent stair aeration); recommended interest rate of 0.81% based on the ATPI.

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

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

The motion was unanimously approved.

Mr. Hargett then asked Mr. Smith to present the unobligated balance report for the Drinking Water SRF and the Drinking Water SRF loan requests, and stated that, without objection, all three loans would be considered as one item. Mr. Smith first presented the unobligated fund balance report. He stated that the balance was \$43,002,788 as of April 6, 2017, and since that time the balance had increased by \$5,000 due to a reduction to a previous loan approved. Upon approval of the loan requests to be presented totaling \$1,445,000, the funds available for loan obligations would be \$41,562,788.

- Cleveland (DG6 2017-192)—Requesting \$1,000,000 (\$800,000 (80%) loan; \$200,000 (20%) principal forgiveness) for construction of a 0.5 million gallon above ground concrete storage tank, a new 600 gallons per minute water booster pump station on Georgetown Road, replacement of approximately 3,000 linear feet of 12-inch ductile iron pipe (DIP) main extension along Georgetown Road, and construction of approximately 1,000 linear feet of 12-inch diameter DIP transmission main along Georgetown Circle to the proposed Georgetown Road storage tank; recommended interest rate of 1.60% based on the ATPI.
- Cleveland (DWF 2017-193)—Requesting \$195,000 for construction of a 0.5 million gallon above ground concrete storage tank, a new 600 gallons per minute water booster pump station on Georgetown Road, replacement of approximately 3,000 linear feet of 12-inch ductile iron pipe (DIP) main extension along Georgetown Road, and construction of approximately 1,000 linear feet of 12-inch diameter DIP transmission main along Georgetown Circle to the proposed Georgetown Road storage tank; recommended interest rate of 1.60% based on the ATPI.
- Smith Utility District (DWF 2017-194394)—Requesting \$250,000 for waterline replacements along Main Street and downtown / Cedar Street areas; recommended interest rate of 0.76% based on the ATPI.

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

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

The motion was unanimously approved.

Hearing no other business, Mr. Wilson made a motion to adjourn the meeting, and Mr. Lillard seconded the motion. Mr. Hargett called for a roll-call vote. Ms. Thompson called the roll:

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

The meeting was adjourned.

Approved on this 17th day of August, 2017.

Respectfully submitted,

Sandra Thompson
Assistant Secretary