

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
September 22, 2017

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Friday, September 22, 2017, at 11:10 a.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:

Whitney Goetz, Proxy for 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
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. Sandra Thompson, Director of the Office of State and Local Finance ("OSLF") to call the roll:

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

Mr. Hargett stated that the first item on the agenda was to approve the minutes of the previous TLDA meeting held on August 17, 2017. Dr. Moore made a motion to approve the minutes, Mr. Wilson seconded the motion, and Ms. Thompson called the roll:

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

The minutes were unanimously approved.

Mr. Hargett then stated that the next item on the agenda was a report on the notification by the City of Lafayette (the "City") that was submitted to comply with TLDA State Revolving Fund ("SRF") Policy and Guidance. Mr. Hargett recognized Ms. Thompson who stated that OSLF received a notice from the City informing the TLDA that they plan on issuing debt that would be subordinate to its SRF loans. Ms. Thompson stated that the TLDA's Policy

and Guidance only requires the City to provide notification of the issuance to the TLDA, and therefore no approval is required. Mr. Hargett asked if there were any questions. Hearing none, he continued.

Mr. Hargett stated that the next item was to consider for approval several Clean Water SRF loans and he stated that without objection they would consider the City of Franklin loans as one item and the Lincoln County loans as a separate item. Mr. Hargett then recognized Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation (“TDEC”) SRF program, to present the balance of the fund. Mr. Smith stated that as of the August 17, 2017 TLDA meeting there was a balance in the clean water fund of \$107,614,592. Mr. Smith also stated there were increases back to the fund from the remaining Fiscal Year 2015 Environmental Protection Agency (“EPA”) Capitalization Grant and the Petroleum Violation Escrow (“PVE”) state matching funds, making the unobligated balance \$121,397,479. Mr. Smith stated that the projects presented for approval totaled \$102,216,450, which would leave an available balance of \$19,181,029 for loan obligations. Mr. Smith then stated that TDEC was expecting additional capitalization grants to come through which would increase the balance of the fund. Mr. Hargett asked how much Mr. Smith expected in capitalization grants. Mr. Smith stated that he expected approximately \$35,000,000 in capitalization grants and with repayments to the fund he expected the fund balance to be around \$80,000,000 at the next meeting.

Mr. Smith then presented the following loan requests:

- City of Franklin (CG5 2017-375)—Requesting \$1,500,000 (\$1,275,000 (85%) loan; \$225,000 (15%) principal forgiveness) for Green – Wastewater treatment plant (WWTP) improvements, advanced treatment (biosolids process improvements) and WWTP upgrades / expansion advanced treatment (expansion from 12 million gallons per day (MGD) to 16 MGD – Expand headworks, new basins and filters for nutrient removal, equalization basin (EQ) basin and hydraulic upgrades, and ultraviolet (UV) disinfection upgrades), and reuse pump station modifications; recommended interest rate of 1.47% based on the Ability to Pay Index (ATPI).
- City of Franklin (SRF 2017-376)—Requesting \$78,500,000 for Green –WWTP improvements, advanced treatment (biosolids process improvements) and WWTP upgrades / expansion advanced treatment (expansion from 12 MGD to 16 MGD – Expand headworks, new basins and filters for nutrient removal, EQ basin and hydraulic upgrades, and UV disinfection upgrades), and reuse pump station modifications; recommended interest rate of 1.47% based on the ATPI.
- City of Franklin (SRF 2017-398)—Requesting \$20,000,000 for Green –WWTP improvements, advanced treatment (biosolids process improvements) and WWTP upgrades / expansion advanced treatment (expansion from 12 MGD to 16 MGD – Expand headworks, new basins and filters for nutrient removal, EQ basin and hydraulic upgrades, and UV disinfection upgrades), and reuse pump station modifications; recommended interest rate of 1.47% based on the ATPI.

Mr. Smith stated that there were comments as a result of the public meeting held on July 14, 2016. Mr. Smith stated that the city of Franklin had addressed the comments they had received. Mr. Smith then stated that the State Revolving Fund Loan Program had also received comments when it issued a Finding of No Significant Impact (“FONSI”) in June of 2017, and they had addressed those comments. Mr. Smith stated that they had sent the comments and the FONSI to Environmental Protection Agency (EPA) for their consideration and the EPA had concluded that the comments TDEC had received were not substantial. Mr. Smith stated that as a result TDEC recommended approval of the three loans. Mr. Hargett recognized Eric Stuckey, city administrator for the city of Franklin, who stated that the WWTP project was very important and allows them to serve their community at a very high level and that upgrades both the capacity and technology of the city.

Mr. Hargett then stated that he had been advised by the Attorney General’s office that there may be some outstanding issues related to this loan, but that he did not believe they affected the TLDA’s ability to make the loan. Mr. Smith then stated that there has been an appeal to the National Pollutant Discharge Elimination System (NPDES) permit that was issued. Mr. Smith stated that the permit reduced the amount of nutrients that could be discharged while increasing the amount of discharge allowed. Mr. Wilson then asked if the loan carried the full

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

Mr. Wolfe — Aye
 Ms. Scott — Aye
 Mr. Wilson — Aye
 Mr. Hargett — Aye
 Ms. Goetz — Aye
 Dr. Moore — Abstain

Mr. Hargett stated that the loans were approved by a vote of 5-0-1. (Dr. Moore who also serves as mayor of the city of Franklin abstained due to a potential conflict of interest.)

Mr. Hargett then stated that they would now consider the two proposed loans to Lincoln County. Mr. Hargett recognized Mr. Smith who presented the following loan requests:

- Lincoln County Board of Public Utilities (CG5 2017-387)—Requesting \$1,531,250 (\$306,250 (20%) loan; \$1,225,000 (80%) principal forgiveness) for Green – Water meter replacements; recommended interest rate of 0.82% based on the ATPI.
- Lincoln County Board of Public Utilities (SRF 2017-388)—Requesting \$685,200 for Green – Water meter replacements; recommended interest rate of 0.82% based on the ATPI.

Mr. Smith stated that this was the second of two projects that would be funded using Petroleum Violation Escrow (PVE) funds that the Commissioner of TDEC approved for use as state matching funds. Mr. Smith stated that the entire amount of principal forgiveness on the loan was from the PVE funds.

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

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

The motion passed unanimously.

Mr. Hargett then stated that the next item on the agenda was to consider the drinking water loan for approval and recognized Mr. Sherwin Smith to present the Drinking Water balance sheet. Mr. Smith stated that the unobligated balance as of the August 17, 2017 was \$38,659,999. Mr. Smith then explained that the fund had an increase of \$2,006,827 due to an early payoff resulting in a balance of \$40,666,826. Mr. Smith stated that the projects to consider for approval totaled \$166,000, which would leave a remaining unobligated balance of \$40,500,826.

Mr. Smith then presented the following loan requests:

- Town of Bell Buckle (DW6 2018-200)—Requesting \$166,000 (\$132,800 (80%) loan, \$33,200 (20%) principal forgiveness) for water booster station replacement; recommended interest rate of 0.17% based on the ATPI.

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

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

The motion passed unanimously.

Mr. Hargett stated that the next item on the agenda was consideration of approval of an amendment to the contract with Public Financial Management (“PFM”). Mr. Hargett stated that the proposed amendment would extend the contract by one-year and instead of two as the proposed amendment had indicated. Mr. Hargett stated that in the previous TSSBA meeting, he and the Comptroller had agreed that a one-year extension would be more optimal than a two-year extension. Mr. Hargett then stated that this was not a negative reflection on PFM, but rather that a one-year extension is a more optimal extension. Mr. Hargett then recognized Ms. Thompson who stated that OSLF had been notified that PFM has changed its name to PFM Financial Advisors LLC due to a new municipal advisory rule.

Mr. Hargett made a motion to approve the amendment, Dr. Moore seconded the motion, and Ms. Thompson called the roll:

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

The motion passed unanimously.

Hearing no other business, Mr. Wilson made a motion to adjourn the meeting, Dr. Moore seconded the motion, and Ms. Thompson called the roll:

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

The motion was unanimously approved.

Approved on this 8th day of November, 2017.

Respectfully submitted,



Sandra Thompson
 Assistant Secretary