

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**January 25, 2018**

The Tennessee Local Development Authority (the Authority or TLDA) met on Thursday, January 25, 2018, at 10:45 a.m. in the 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 Justin Wilson, Comptroller of the Treasury  
Courtney Hess, Proxy for the Honorable David Lillard, State Treasurer  
Angela Scott, Proxy for Commissioner Larry Martin, Department of Finance and Administration

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 members were absent:

The Honorable Bill Haslam, Governor  
Dr. Kenneth Moore, House Appointee

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

Mr. Wolfe—Present  
Ms. Scott—Present  
Mr. Hargett—Present  
Mr. Wilson—Present  
Ms. Hess—Present

Mr. Hargett asked for a motion to approve the minutes of the December 19, 2017, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Ms. Scott seconded the motion. Ms. Thomson performed a roll-call vote:

Mr. Wolfe—Aye  
Ms. Scott—Aye  
Mr. Hargett—Aye  
Mr. Wilson—Aye  
Ms. Hess—Aye

The minutes were 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 next item on the agenda regarding the Town of Smyrna's delayed SRF project. Mr. Smith stated that the Town's relocation project is part of a larger Tennessee Department of Transportation (TDOT) project and due to unforeseen circumstances, TDOT is delaying the project. Mr. Smith stated that TDEC met with the Town on January 24, 2018, and Mayor Mary Ester Reed advised TDEC that the Town will voluntarily return the funds because they are not able to proceed in a timely manner due the circumstances. Mr. Smith stated that the delay was no fault of the Town and that they can reapply for SRF funds when the project is ready to proceed.

Mr. Hargett asked Mr. Smith to present the requests for Clean Water State Revolving Fund (SRF) loans. He stated the balance was \$92,022,318 as of November 8, 2017. This balance increased a total of \$2,371,747 from an early payoff and a reduction to a previous loan. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to \$61,189,065. He then described the loan requests:

- Chattanooga (CW6 2018-405)—Requesting \$1,000,000 (\$900,000 (90%) loan; \$100,000 (10%) principal forgiveness) for Moccasin Bend Wastewater Treatment Plant and CSOTF improvements (Rehabilitation of the gravity thickeners, thickener pumping station, and grinder units; replacements of the grinder pumps; rehabilitation of the dewatering building; new 1.1 million gallon (MG) sludge holding tank and additional centrifuges; and the construction of a 10 MG sewer storage tank); recommended interest rate of 1.53% based on the Ability to Pay Index (ATPI).
- Chattanooga (SRF 2018-406)—Requesting \$17,100,000 for Moccasin Bend Wastewater Treatment Plant and CSOTF improvements (Rehabilitation of the gravity thickeners, thickener pumping station, and grinder units; replacements of the grinder pumps; rehabilitation of the dewatering building; new 1.1 MG sludge holding tank and additional centrifuges; and the construction of a 10 MG sewer storage tank); recommended interest rate of 1.53% based on the ATPI.
- Fayetteville (CW6 2018-407)—Requesting \$1,000,000 (\$900,000 (90%) loan; \$100,000 (10%) principal forgiveness) for Inflow/Infiltration (I/I) correction (City wide rehabilitation); recommended interest rate of 1.31% based on the ATPI.
- Fayetteville (SRF 2018-408)—Requesting \$3,000,000 for I/I correction (City wide rehabilitation); recommended interest rate of 1.31% based on the ATPI.
- Hamilton County Water and Wastewater Treatment Authority (WWTA) (SRF 2017-393)—Requesting \$7,310,000 for East Ridge sewer basin I/I correction project; recommended interest rate of 1.74% based on the ATPI.
- Hamilton County WWTA (SRF 2018-413)—Requesting \$1,560,000 for I/I correction (Sanitary sewer evaluation survey in Signal Mountain, Red Bank, Lookout Mountain, East Ridge, and unincorporated Hamilton County areas) planning only; recommended interest rate of 0.82% based on the ATPI.
- Humboldt (SRF 2018-411)—Requesting \$540,000 for wastewater treatment plant (WWTP) improvements—advanced treatment (phase 2—WWTP); planning and design loan; recommended interest rate of 0.29% based on the ATPI. **(Previously Omitted/Revised 5/16/2018 – SEE MINUTES)**
- Lenoir City (CG5 2018-402)—Requesting \$1,300,000 (\$1,105,000 (85%) loan; \$195,000 (15%) principal forgiveness) for I/I correction (Phase I—Sewer System Evaluation Survey and Phase II—collection system rehabilitation); recommended interest rate of 1.24% based on the ATPI.
- Oliver Springs (SRF 2018-404)—Requesting \$185,000 for WWTP improvements (Replace headworks and blowers, Supervisory control and data acquisition upgrades, new sludge holding facilities, and replace existing equalization basin at WWTP); recommended interest rate of 0.61% based on the ATPI.
- Westmoreland (SRF 2018-403)—Requesting \$210,000 WWTP (new) advanced treatment (replace existing WWTP) planning and design; recommended interest rate of 0.61% based on the ATPI.

Mr. Wilson made a motion to approve the loan, and Ms. Scott seconded the motion.

Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Aye  
 Ms. Scott—Aye  
 Mr. Hargett—Aye  
 Mr. Wilson—Aye  
 Ms. Hess—Aye

Mr. Smith then presented the requests for Drinking Water SRF loans. He first presented the unobligated fund balance. He stated the balance was \$58,500,955 as of November 8, 2017. The balance increased \$1,107,441 due to

loan decreases and an early payoff. Upon approval of the loan request to be presented, the funds available for loan obligation would decrease to \$57,892,996. He then described the loan requests:

- Brighton (DW6 2018-201)—Requesting \$698,400 (\$558,720 (80%) loan; \$139,680 (20%) principal forgiveness) watermain replacement (replace approximately 7,300 linear feet of 2-inch diameter asbestos cement waterlines; recommended interest rate of 0.39% based on the ATPI.
- Cleveland (DWF 2018-205)—Requesting \$430,000 for the construction of a 0.5 MG above ground concrete storage tank, a new 600 gallons per minute booster pump station on Georgetown Road, replacement of approximately 3,000 linear feet of 12-inch diameter 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 1.31% based on the ATPI.
- Parsons (DWF 2018-204)—Requesting \$587,000 for improvements to the existing Parsons Water Treatment Plant (Additional flocculation and sedimentation basins; modification of the chlorination process by switching from chlorine gas to liquid chlorine; relocation of the existing motor control center; sludge dewatering and disposal improvements and new emergency generators at the raw water intake structure, the existing water treatment plant, and the Perryville water storage tank); recommended interest rate of 0.82% based on the ATPI.

Mr. Wilson made a motion to approve the loan, and Ms. Scott seconded the motion.

Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Aye  
 Ms. Scott—Aye  
 Mr. Hargett—Aye  
 Mr. Wilson—Aye  
 Ms. Hess—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next two items on the agenda were requests from the Hallsdale-Powell Utility District (the District). He asked Ms. Thompson to present the requests. Ms. Thompson stated that the District was requesting approval to issue USDA Rural Development Bonds in an amount not to exceed \$24,950,000 in three tranches of \$9,500,000, 7,725,000, and \$7,725,000 subordinate to its SRF loans. She stated that the OSLF has conducted an analysis, and the District appeared to meet the criteria set forth in the TLDA's policy and guidance except that they had not timely filed its audit report as required in section 7(m) of its loan agreements. Therefore, the District is also asking for the TLDA to waive the enforcement of the requirement requiring the audit for 2017 be filed by September 30, 2017. She said that the 2017 audit was subsequently filed on November 1, 2017. She stated based on the OSLF analysis that the District should have sufficient cash and revenues to meet its debt service obligations, and the District appeared to meet the TLDA requirement to issue additional debt except for timely filing its audit report. Mr. Hargett asked Mr. Alex Buchanan, counsel for the District, if late filings would be an ongoing issue. Mr. Buchanan replied that it would not. Mr. Hargett made a motion to waive the enforcement of requirement 7(m) and approve the request to issue the USDA bonds, and Mr. Wilson seconded the motion.

Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Aye  
 Ms. Scott—Aye  
 Mr. Hargett—Aye  
 Mr. Wilson—Aye  
 Ms. Hess—Aye

The motion was unanimously approved.

Mr. Hargett recognized Ms. Thompson to present the last item on the agenda regarding the assignment of the contract for financial advisory services. Ms. Thompson stated that a letter from PFM, the financial advisor to the State and its bond programs was included in the meeting materials. The letter advised that PFM would be assigning the State's contract to its subsidiary PFM Financial Advisors LLC. Therefore, the TLDA's approval is needed to assign the contract from PFM to PFM Financial Advisors LLC. Mr. Wilson moved approved of the request, and Ms. Scott seconded the motion.

Ms. Thompson performed a roll-call vote:

- Mr. Wolfe—Aye
- Ms. Scott—Aye
- Mr. Hargett—Aye
- Mr. Wilson—Aye
- Ms. Hess—Aye

The motion was unanimously approved.

Hearing no other business, Mr. Hargett adjourned the meeting.

The meeting was adjourned.

Approved on this 13<sup>th</sup> day of March 2018. (rev. May 16, 2018)

Respectfully submitted,



Sandra Thompson  
Assistant Secretary