

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
August 20, 2018

The Tennessee Local Development Authority (the Authority or TLDA) met on Monday, August 20, 2018, at 11:45 a.m. in Hearing Room II, Cordell Hull Building, 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
 The Honorable David Lillard, State Treasurer
 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 included 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 (OSLF) to perform a roll-call:

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

Mr. Hargett asked for a motion to approve the minutes of the July 17, 2018, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Mr. Hargett seconded the motion. Ms. Thompson performed a roll-call vote:

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

The minutes were unanimously approved.

Mr. Hargett stated the next item on the agenda was a request from the Water Authority of Dickson County (WADC) to issue Water and Sewer Revenue Bonds in an amount not to exceed \$7,510,000 on parity with its outstanding State Revolving Fund (SRF) loans. He recognized Ms. Thompson to present the request. Ms. Thompson stated that the request was for a new money issuance, and the WADC is requesting parity to obtain competitive pricing in the capital market. She stated that OSLF had reviewed the request, and the WADC appears to meet the criteria set forth in the TLDA Policy and Guidance for Borrowers and its loan agreements to issue debt on parity with its SRF loans. She stated that the WADC has a history of timely SRF loan repayments, has a fully funded security deposit, and

has timely filed its audit report with the Division of Local Government Audit. She further stated that the OSLF review indicated that revenues and cash are sufficient to repay its debt service, and the debt service coverage ratio meets the minimum 1.2 times requirement. Therefore, staff recommends approval of this request. Mr. Hargett moved approval of the request, and Mr. Wilson seconded the motion. Ms. Thompson performed a roll-call:

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

Mr. Hargett stated that the next item was consideration of a request from the City of Memphis to issue Revenue Refunding Bonds in an amount not to exceed \$75,000,000 with a lien position senior to its outstanding SRF loan agreements. Ms. Thompson stated that this request is a revision to the request approved by the TLDA on July 17, 2018, for \$62,000,000. She explained that the City had identified an additional refunding opportunity to include in the proposed issuance, so this request replaces the previous request. She stated that the City still met the criteria set forth in the TLDA's policy and guidance, as was explained at the July meeting, even with the \$13,000,000 increase. Ms. Thompson stated that based on the OSLF analysis, the City will have sufficient cash and revenues to repay its SRF loans. Therefore, staff recommends approval of this request. Mr. Lillard made a motion to approve the request, and Dr. Moore seconded the motion.

Ms. Thompson performed a roll-call:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item of business was consideration of approval for a Clean Water State Revolving Fund (CWSRF) loan. He asked Ms. Paula Mitchell, Deputy Director of Operations for the Tennessee Department of Environment and Conservation (TDEC) Division of Water Resources to present the request. Ms. Mitchell first presented the unobligated fund balance. She stated the balance was \$47,599,158 as of July 17, 2018. The balance increased a total of \$164,624 due to a loan decrease with a final balance of \$47,763,782. Upon approval of the loan request to be presented totaling \$470,000, the funds available for loan obligations would be \$47,293,782. She then described the loan request:

- Rocky Top (SRF 2018-418) Requesting \$470,000 for wastewater collection system improvements; planning and design loan; recommended interest rate of 0.50% based on the Ability to Pay Index.

Ms. Mitchell stated that Rocky Top did not timely file its audit report, but the City had indicated that the delay was due to the implementation of new accounting software and that it understood the importance of timely filing the report. Mr. Hargett asked if the rate of \$42.66 and ratio of 42.66% reported in the meeting materials were accurate. Ms. Mitchell responded affirmatively. She stated that staff had verified the calculations, and the similarity was a coincidence.

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

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

Mr. Hargett recognized Ms. Alexa Voytek with TDEC's Office of Energy Programs (OEP) to provide an update on the Qualified Energy Conservation Bond (QECB) program. Ms. Voytek stated that the Tax Cuts and Jobs Act passed by Congress in 2017 eliminated unused authority for QECBs effective January 1, 2018; therefore, no new issuances would occur. However, she said that OEP is still collecting data on previously approved allocations. Ms. Voytek provided updates for Memphis, Knox County, Lebanon, Paris, and Williamson County. A detailed summary was included in the meeting packet.

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

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

The meeting was adjourned.

Approved on this 26th day of November, 2018.

Respectfully submitted,


Sandra Thompson
Assistant Secretary

