

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**September 19, 2019**

The Tennessee Local Development Authority (the Authority or TLDA) met on Thursday, September 19, 2019, at 1:00 p.m. in Executive Conference Room, Ground Floor, State Capitol, 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  
The Honorable David Lillard, State Treasurer  
Angela Scott, Proxy for Commissioner Stuart McWhorter, Department of Finance and Administration

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

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

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett asked for a motion to approve the minutes of the June 27, 2019 TLDA meeting. Dr. Moore made a motion to approve the minutes, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The minutes were unanimously approved.

Mr. Hargett stated that the next item of business was a report on the notification submitted by Bluff City to comply with the TLDA SRF Policy and Guidance for Borrowers. He recognized Ms. Thompson to present the report. Ms. Thompson stated that in order to comply with the policy and guidance for borrowers, Bluff City submitted a letter to notify the TLDA that it was proposing to issue Bond Anticipation Notes in an amount not to exceed \$1,182,000. Mr. Hargett stated that this was not an action item. Ms. Thompson affirmed that was correct. Mr. Wilson inquired if the proposed issuance complies with TLDA policy, and Ms. Thompson responded affirmatively. Mr. Hargett then continued with the agenda.

Mr. Hargett stated that the next item of business was a request from the Poplar Grove Utility District (the "District") to issue Water and Revenue Bonds in an amount not to exceed \$1,050,000 with a subordinate lien position to its existing SRF loan. He called on Ms. Thompson to present the request. Ms. Thompson stated that in order to comply with TLDA SRF Policy & Guidance for Borrowers, the District submitted a letter requesting approval to issue revenue bonds subordinate to its outstanding SRF loans. She stated that the OSLF had conducted a review and determined that the District was in compliance with TLDA requirements and that staff recommended approval to issue the debt. Mr. Wilson asked if there were sufficient revenues to service the SRF loan. Ms. Thompson responded affirmatively.

Mr. Hargett asked if there were any other questions. Hearing none, Mr. Lillard made a motion to approve, and Mr. Hargett seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was a request from the City of Oak Ridge to issue Revenue Bonds in an amount not to exceed \$23,850,745. He acknowledged the city's manager in attendance, Dr. Mark Watson, as well as the city's finance director, Janice McGinnis. Mr. Hargett then asked Ms. Thompson to present the request. Ms. Thompson stated that the City of Oak Ridge was requesting approval from the TLDA to issue revenue and tax bonds on parity with one of its SRF loans related to this particular project. She further stated that the loan requested was with the Environment Protection Agency's (the "EPA") Water Infrastructure Finance and Innovation Act (WIFIA) program, and that it was very important the city have the funds in order to complete the project. She pointed out that in the past, the TLDA had required funds borrowed from the United States Department of Agriculture (USDA) loan program to be subordinate to any outstanding SRF loans, but in this case, TLDA staff recommended moving forward even though the city was requesting parity with its SRF loan. Mr. Hargett then asked Dr. Watson or Ms. McGinnis if they would like to address the TLDA. Dr. Watson responded affirmatively and began by explaining that the City of Oak Ridge had been working out the financial mechanisms for total replacement of the water plant facility. He continued by saying that the EPA wanted a parity lien position to all of the City's outstanding SRF loans but stated that he didn't see that happening. Dr. Watson said that after discussion and staff recommendation for parity with the one SRF loan associated with the project, the City was pleased with where it was at. He then said that he would be happy to answer any questions and that he would leave pictures of the water facility's progress for the TLDA's review. Mr. Hargett inquired if the Authority had any questions for Dr. Watson. Mr. Wilson responded by saying that the City's current debt service was about \$2,000,000 overall and that this loan would be on parity with most of its debt but not all. Dr. Watson responded affirmatively. Mr. Hargett asked Ms. Thompson if staff recommended parity with the one drinking water loan. She affirmed that it was just the one loan in the amount of \$3.2 million. Mr. Lillard commented that this was the only parity loan. Ms. Thompson affirmed that it was. Mr. Lillard then asked if the City's request included loans other than the \$3.2 million. Ms. Thompson responded by saying that the City was asking approval of parity with the WIFIA loan. Mr. Wilson asked if the City was rated by S&P and Moody's, and Dr. Watson replied that it was AA+. Mr. Wilson then asked Ms. Thompson if there were adequate funds projected to service the debt. She affirmed that there was.

Mr. Hargett asked if there were any further questions or discussion. Hearing none, Mr. Lillard made a motion to approve, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item of business was a request from the Hamilton County Water and Wastewater Treatment Authority (the "HCWWTA") to issue short-term bonds in an amount not to exceed \$20,000,000 (Series 2019) on parity with its outstanding SRF loan agreements and \$20,000,000 in long-term revenue bonds (Series 2022) with a senior lien position to its outstanding SRF loans. He stated that the proceeds of the long-term debt would be used to repay the short-term debt when it was due and payable in 2022. Mr. Hargett also noted that the request for approval of the Series 2022 bonds was three years in advance of the issuance. He acknowledged Mr. Michael Patrick, Executive Director of the HCWWTA in attendance, and then asked Ms. Thompson to present the request. Ms. Thompson stated that the HCWWTA had originally requested to issue the short-term bonds and planned to refinance that debt with long-term debt within the next three years. She explained that if the short-term debt was issued, and if the HCWWTA planned to issue

long-term debt in the future, both requests would need to be approved at the same time. Ms. Thompson said that staff recommended the approval of the debt issuances; however, staff recommends that the HCWWTA submit a request for modified lien position 90 days prior to issuing the long-term debt to ensure that it meets the TLDA's criteria at the time of issuance. She further stated that the analysis performed by the OSLF included the HCWWTA's revenues, which were determined sufficient to cover its debt service, and that a security deposit was on hand in the amount of \$1.2 million. Furthermore, staff determined that the HCWWTA had a history of timely repayment on current loans, had timely filed its audited financial statements, and its debt service coverage ratio met the minimum 1.20 times requirement. Mr. Hargett asked if there was any discussion. Dr. Moore replied by asking if the approval of the future issuance would lock it into a rate. He also asked how that would obligate the TLDA other than saying the bonds would be issued, and if it was based on the actual date of the bond issuance. Ms. Thompson explained that the plan was to issue long-term debt in the long run, but the short-term debt would be used to finance the project's construction. She said that this requires both short and long-term debt be approved, but that the HCWWTA had been asked to come back in order to determine its ability to repay its debt prior to the issuance of the long-term debt. Mr. Lillard commented that the TLDA was not committing to the rate now, and that it was similar to a short-term construction loan with a take-out. Ms. Thompson responded affirmatively. There was no further discussion.

Mr. Hargett moved approval, and Mr. Lillard seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item was a report on CWSRF unobligated balance. He recognized Dr. Leslie Gillespie-Marthaler to present the report. Dr. Gillespie-Marthaler stated the CWSRF unobligated balance was \$92,604,737 as of June 27, 2019. Since that time, the balance had decreased due to a loan decrease for the City of Memphis. She stated that Memphis returned unused loan funds totaling \$10,398,007 after it had determined it would not be able to use the funds related to a particular project. She further stated that the scope of that contract did not allow it to change how the money was used, and therefore, it needed to be returned to stay in compliance. She concluded by saying this amount increased TDEC's unobligated balance to \$103,002,744. Mr. Hargett asked if anyone had questions about the report. Hearing none, he moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was consideration of approval for a Drinking Water State Revolving Fund (DWSRF) loan. He asked Dr. Leslie Gillespie-Marthaler to present the loan request. Dr. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was \$42,156,612 as of June 27, 2019. Upon approval of the loan request to be presented totaling \$85,000, the funds available for loan obligations would be \$42,071,612. She then described the DWSRF loan request.

- **Smith Utility District (DWF 2019-219)** Requesting \$85,000 for a new water storage tank (Replace existing grant water storage tank with a new 300,000-gallon WST); recommended interest rate of 0.49% based on the Ability to Pay Index (ATPI); Priority ranking 6 of 23 (FY 2017).

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

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

The motion was unanimously approved.

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. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The meeting was adjourned.

Approved on this 24<sup>th</sup> day of October, 2019.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary