

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
December 13, 2019

The Tennessee Local Development Authority (the Authority or TLDA) met on Friday, December 13, 2019, at 10:20 a.m. in the 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 P. Wilson, Comptroller of the Treasury
 The Honorable David H. Lillard, Jr., State Treasurer
 Angela Scott, Proxy for Commissioner Stuart C. McWhorter, Department of Finance and Administration

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 members were absent:

The Honorable Bill Lee, Governor
 Dr. Kenneth L. Moore, House Appointee

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

Mr. Hargett asked for a motion to approve the minutes of the October 24, 2019 and November 26, 2019 TLDA meetings. Mr. Wilson made a motion to approve the minutes, and Mr. Lillard seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

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

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of approval for Clean Water State Revolving Fund (CWSRF) loans. He stated that the TLDA would take-up all three loans at once unless there was objection. Hearing none, he asked Dr. Leslie Gillespie-Marthaler, Director of the State Revolving Fund (SRF) program for the Tennessee Department of Environment and Conservation (TDEC), to present the loan requests. Dr. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was \$95,160,439 as of October 24, 2019. Since that time, the balance had increased by a total of \$68,234,130 due to principal repayments, loan interest payments, investment income, loan reductions for Camden, Franklin, Greenbriar, and the Water Authority of Dickson County, and returned funds from Hallsdale-Powell Utility District. Upon approval of the loan requests to be presented totaling \$67,300,000, the funds available for loan obligations would be \$96,094,569. She then described the CWSRF loan requests.

- **Memphis (SRF 2019-434)** Requesting \$48,000,000 for improvements/upgrade secondary treatment to the Wastewater Treatment Plant (WWTP); T.E. Maxson Wastewater Treatment Facility (WWTF) phase 2A, improvements consisting of the construction of two secondary clarifiers; conversion of the existing aeration basins from coarse to fine bubble aeration; plant-wide odor control improvements; hydraulic improvements at the Intermediate Pump Station; and miscellaneous electrical, civil, and SCADA improvements; recommended interest rate of 0.47% based on the Ability to Pay Index (ATPI); Priority ranking 72 of 72 (FY 2018).
- **Lebanon (CW7 2019-435)** Requesting \$4,300,000 for sewer interceptor rehabilitation/replacement (replacing approximately 7,800 linear feet (LF) of the existing Blair Lane Interceptor, manholes, and associated appurtenances); letter submitted for late audit filing; recommended interest rate of 1.32% based on the ATPI; priority ranking 48 of 78 (FY 2019).
- **Johnson City (SRF 2020-441)** Requesting \$15,000,000 for sewer interceptor rehabilitation/replacement (replacing approximately 21,000 LF of the Lower Brush Creek Interceptor); recommended interest rate of 1.25% based on the ATPI; priority ranking 34 of 78 (FY2019).

Mr. Hargett inquired if there were any representatives from Memphis, Lebanon, or Johnson City in attendance. No representatives were present. Mr. Hargett then moved approval of all three loans. Mr. Lillard seconded the motion and asked Dr. Gillespie-Marthaler if she could discuss Lebanon's late audit. He inquired if the City's audits had been filed as required or if there were still audits outstanding. Dr. Gillespie-Marthaler answered affirmatively and stated that Lebanon's CPA firm had scheduling issues that delayed auditors in getting out to review the City's records, but the firm was working to correct these issues. She said that although it was filed late, the City had already submitted its audit, to which, Ms. Thompson responded affirmatively. Mr. Wilson stated that the audit was just late, and that the City submitted a letter stating it was late. Dr. Gillespie-Marthaler responded affirmatively. Mr. Wilson further stated that the City would have another audit due in 15 days and inquired if TDEC knew its status. Dr. Gillespie-Marthaler answered, saying that she did not have the status on that audit. Mr. Lillard inquired if the City was currently in compliance, and Dr. Gillespie-Marthaler responded affirmatively. Mr. Hargett then asked if Mr. Wilson had further questions, and he responded saying that he was concerned about the late audits and wondered if it would be an ongoing issue. Mr. Lillard asked Mr. Wilson if a letter should be sent back to the mayor stating that the TLDA appreciated the City's letter and the points made in it, but that its audit was expected to be on time. Mr. Wilson responded affirmatively. Mr. Hargett asked that the minutes reflect the concerns raised by the TLDA. Mr. Lillard then said that any action taken would be left to the Comptroller's office.

Mr. Hargett made a motion to approve the loans, and Mr. Wilson seconded the motion. Mr. Hargett then conducted a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of approval for a Drinking Water State Revolving Fund (DWSRF) loan. He recognized Dr. Leslie Gillespie-Marthaler to present the loan request. Dr. Gillespie-Marthaler stated the DWSRF unobligated balance was \$61,610,367 as of October 24, 2019. Since that time, the balance had increased by a total of \$13,399,346 due to principal repayments, loan interest payments, investment income, and a loan reduction for the city of Lebanon. Upon approval of the loan request to be presented totaling \$1,400,000, the funds available for loan obligations would be \$73,609,713. She then described the DWSRF loan requests.

- **Lebanon (DW7 2019-217)** Requesting \$1,400,000 for a new water storage tank (WST) (construction of a 1.0 million-gallon (MG) WST at Seay Hill); letter submitted for late audit filing; recommended interest rate of 1.31% based on the ATPI; priority ranking 38 of 43 (FY 2019).

Mr. Hargett made a motion to approve the loan, and Mr. Lillard seconded the motion. Mr. Hargett inquired if there was further discussion. Hearing none, he inquired if the TLDA would like this loan referenced in the letter to Lebanon as well as the previous one. Mr. Wilson answered affirmatively. Hearing no further discussion, Mr. Hargett conducted a roll-call vote:

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

The motion was unanimously approved.

Mr. Hargett stated that the final item on the agenda was a report from TDEC on anticipated SRF projects needing funding. He called on Dr. Gillespie-Marthaler to present the report. Dr. Gillespie-Marthaler first presented the report on CW loans. She stated that the projects listed on the first page had submitted all technical review documents and were well on their way in terms of their environmental review. Furthermore, she stated that this group of loan applicants were either undergoing or awaiting financial sufficiency review, and the next step would be the loan application. She stated that TDEC anticipates these projects totaling \$ 92,720,800 to be completed within the next few months. Dr. Gillespie-Marthaler continued, saying that the projects listed on the next page, beginning with Goodlettsville and ending with Whitehouse, had submitted additional communication to the SRF program, stating that they intended to move forward with submission of technical documents so that TDEC could begin the review process. She said that TDEC could not guarantee every requirement would be met, but it anticipated the projects to move forward with loans in the amount of \$15,915,400. Moving on to the next set of projects, she explained that TDEC had conversations with the entities listed and that it anticipates moving forward with these projects within the next fiscal year. Referencing the report's summary, she said that total funding needs were \$167,746,200. She explained that if all the projects successfully moved forward, TDEC would be in a position where it would have to ask potential borrowers to hold off until the next available opportunity (in the following year/cap grant). At this point, she said that TDEC was cash flowing the larger loan amounts based on how quickly the entity believed it could spend the money. She stated that TDEC was looking at fiscal outlays with its loan entities to ensure it was making the best and most meaningful fiscal decisions to meet everyone's need. Dr. Gillespie-Marthaler stated that although TDEC anticipates all of these projects moving forward, it could not guarantee that all will come to fruition. She then presented the report on DW loans, stating that there was an increase in demand on the DW side with efforts to reach out and educate communities. She stated that the projects listed on the first page of the report, starting with Bell Buckle and ending with Woodbury, had completed their technical review and were in process to complete their environmental and financial sufficiency review, after which time, they would begin the loan application process. She stated that funds needed for these projects totaled \$36,154,000. Dr. Gillespie-Marthaler continued with projects listed on the final pages of the report, saying they had submitted a letter of intent to move forward and that the entities had begun submitting technical documents in earnest with TDEC. She said that these projects were relatively new and totaled \$31,670,853. She stated that the total DWSRF funds needed was \$264,747,596 but pointed out that the projects moving forward and close to completion of the SRF process totaled \$67,824,853. This amount, she explained, would take TDEC very close to obligating its funds. She stated that TDEC would continue moving projects forward and as they met requirements, bring them to the TLDA for approval. Mr. Hargett asked if there were any questions. Hearing none, he thanked TDEC for its reports.

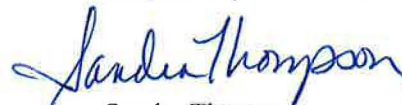
Hearing no other business, Mr. Hargett moved to adjourn. Mr. Lillard seconded the motion. Mr. Hargett conducted a roll-call vote:

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

The meeting was adjourned.

Approved on this 21st day of January, 2019.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is written in a cursive style with a large initial 'S'.

Sandra Thompson
Assistant Secretary