

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
February 8, 2019

The Tennessee Local Development Authority (the Authority or TLDA) met on Friday, February 8, 2019, at 10:00 a.m. in the State Capitol, Executive Conference Room, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

Jonathan Rummel, Proxy for the Honorable Tre Hargett, Secretary of State
 Joy Harris, Proxy for the Honorable David Lillard, State Treasurer
 Angela Scott, Proxy for Commissioner Stuart 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 Moore, House Appointee

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

Mr. Wilson asked for a motion to approve the minutes of the December 17, 2018, TLDA meeting. Ms. Scott made a motion to approve the minutes, and Ms. Harris seconded the motion. Ms. Alicia West, TLDA Program Accountant in the Office of State and Local Finance (OSLF) performed a roll-call vote:

Ms. Harris— Aye
 Ms. Scott— Aye
 Mr. Wilson— Aye
 Mr. Rummel—Aye
 Mr. Wolfe— Aye

The minutes were unanimously approved.

Mr. Wilson stated that the next item of business was consideration of approval for Clean Water State Revolving Fund (CWSRF) loans. He asked Ms. 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. Ms. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was \$87,316,922 as of November 26, 2018. The balance increased a total of \$28,147,661 as a result of the EPA capitalization grant, a state matching grant, and two loan decreases, with a final balance of \$115,464,583. Upon approval of the loan requests to be presented totaling \$60,779,500, the funds available for loan obligations would be \$54,685,083.

Mr. Wilson stated that without objection, all CWSRF loans would be taken up as one item. Ms. Gillespie-Marthaler then described the loan requests:

- **Chattanooga (CW7 2019-428)** Requesting \$3,000,000 (\$2,700,000 (90%) loan; \$300,000 (10%) principal forgiveness) for infiltration and inflow correction (Dobb Branch sewer improvements phase 1 & 2);

Infiltration and inflow correction (South Chickamauga Sewer Basin phase 1); recommended interest rate of 2.05% based on the Ability to Pay Index (ATPI). Priority ranking is 43, 44, and 45 of 72.

- **Chattanooga (SRF 2019-429)** Requesting \$21,000,000 for infiltration and inflow correction (Dobb Branch sewer improvements phase 1 & 2); Infiltration and inflow correction (South Chickamauga Sewer Basin phase 1); recommended interest rate of 2.05% based on the ATPI. Priority ranking is 43, 44, and 45 of 72.
- **Cleveland (SRF 2018-416) (Increase)** Requesting \$730,000 (\$350,500 Approved 6/19/18; \$379,500 Increase) for collection system expansion (Installation of approximately 7,750 LF of sewer lines to replace septic tanks in the area south of APD 40 between South Lee Highway and I-75 Exit 20); recommended interest rate of 1.56% based on the ATPI. Priority ranking is 19 of 50.

Ms. Gillespie-Marthaler stated that the City of Cleveland's original request for funds totaled \$350,500, and if its request for an increase was approved, total funds for this project would be \$730,000. Mr. Wilson asked if Cleveland was financially sufficient at that number. Ms. Gillespie-Marthaler answered affirmatively. She also noted that the City would not need to increase rates.

- **Humboldt (CW7 2019-432)** Requesting \$3,000,000 (\$2,700,000 (90%) loan; \$300,000 (10%) principal forgiveness) for wastewater treatment plant upgrades and collection system expansion; recommended interest rate of 0.97% based on ATPI. Priority ranking is 55 of 72. Humboldt agreed to rate adjustments in 2020 and 2021 in order to be financially sufficient.

Mr. Wilson inquired if there were any objections at the public hearing. Ms. Gillespie-Marthaler affirmed there were no objections.

- **Humboldt (SRF 2019-433)** Requesting \$7,900,000 for wastewater treatment plant upgrades and collection system expansion; recommended interest rate of 0.97% based on ATPI. Priority ranking is 55 of 72.
- **Memphis (SRF 2019-421)** Requesting \$6,500,000 for infiltration and inflow correction (City-wide sewer assessment & rehabilitation program/ group 1 cured in place pipe (CIPP); Rehabilitating approximately 53,000 linear feet of 8-inch through 36-inch diameter sewers by methods including pre-cleaning, CIPP, point repair, and manhole rehabilitation); recommended interest rate of 1.20% based on ATPI. Priority ranking is 55 of 67. A rate adjustment up to \$16.60 by 2020 has been approved.
- **Springfield (SRF 2019-422) (Increase)** Requesting \$26,500,000 (\$7,500,000 Approved 11/26/18; \$19,000,000 Increase) for collection system replacement (Installation of approximately 18,000 LF of 8-inch to 24-inch diameter sewer lines and seventy-five new manholes to address sanitary sewer overflows (SSOs); Infiltration and inflow correction (Rehabilitation of approximately 3,900 LF of 18-inch diameter sewer lines by method of CIPP, manhole rehabilitation, and the construction of a 4 MG wastewater storage tank at Carr Creek and a 5 MG wastewater storage tank at Sulphur Creek; recommended interest rate of 1.30% based on ATPI. Priority ranking is 52,53, and 54 of 72.

Mr. Rummel asked Ms. Gillespie-Marthaler if Springfield's loan represented all three of the projects from its priority ranking. She answered affirmatively and said that Springfield had a single loan representing its three projects, which included a collection system replacement, infiltration and inflow correction, and additional storage. Mr. Rummel then asked if this was the same situation for Chattanooga. Ms. Gillespie-Marthaler said that it was and explained that the projects could only be combined into a single scope because they were in the same location and had the same specifications/plans.

Mr. Wilson commented that these priority rankings were not as low as some he has seen in the past. Ms. Gillespie-Marthaler responded by saying that TDEC has funded some with lower rankings, but that it does not have control over an applicant's decision to proceed through the SRF loan process. She continued by saying that communities were expected to initiate the process, and once TDEC received project specifications, it could begin the loan review process without making the borrower wait for others ranked lower on the list.

Mr. Wilson inquired if there were communities lower on the ranking lists that had requested funding and met requirements but were not funded. Ms. Felicia Freeman of TDEC responded by saying that there were lower ranked communities, but those particular applicants had not yet submitted facility plans or a letter of interest. Mr. Wilson wanted to confirm that it was the communities not following through after their initial request to start the loan process. Ms. Freeman responded affirmatively. Mr. Wilson said that is what he needed to know and wanted on record.

Mr. Rummel followed up by asking Ms. Gillespie-Marthaler if TDEC was proactively contacting these communities to follow through, or were the communities expected to contact TDEC to show a continued interest. Ms. Gillespie-Marthaler said that TDEC would be working (co-reviewing) with the United States Department of Agriculture (USDA), Rural Development, and Economic Development, and that potential borrowers would be encouraged to apply to all three agencies. This would allow all three agencies to know which communities were moving forward, and with what agency they would be moving forward with. Mr. Wilson requested that TDEC provide a status report to the Authority in the near future. Ms. Gillespie-Marthaler said that she would do so. Both Mr. Wilson and Mr. Rummel agreed that it was necessary for TDEC to be proactive in contacting the communities in order to get loans funded. Ms. Joy Harris said that along with the update, she would like TDEC to be prepared to explain how the priority ranking lists work, as well as its follow-up process with entities on the priority ranking lists. Ms. Gillespie-Marthaler said she would have that prepared as well. Mr. Wilson mentioned that TDEC had updated the Authority in the past, but it was something that needed to be done periodically. Ms. Gillespie-Marthaler agreed and said that she would prepare a report.

Mr. Wilson asked if there were any other questions or comments on the CWSRF projects, hearing none, he made a motion to approve the loans. Ms. Scott seconded the motion. Ms. West performed a roll-call vote:

Ms. Harris— Aye
 Ms. Scott— Aye
 Mr. Wilson— Aye
 Mr. Rummel—Aye
 Mr. Wolfe— Aye

The motion was unanimously approved.

Ms. Gillespie-Marthaler then presented the requests for Drinking Water SRF loans. She first presented the unobligated fund balance. She stated the balance was \$74,514,809 as of November 26, 2018. The balance increased a total of \$20,064,720 in grants, with a final balance of \$94,579,529. Upon approval of the loan requests to be presented totaling \$6,000,000, the funds available for loan obligations would be \$88,579,529. She then described the loan requests:

- **Humboldt (DW6 2019-213)** Requesting \$1,000,000 (\$800,000 (80%) loan; \$200,000 (20%) principal forgiveness) for water treatment plant and water distribution system improvements; recommended interest rate of 1.22% based on ATPI. Priority ranking is 8 of 21.
- **Humboldt (DW7 2019-214)** Requesting \$1,000,000 (\$800,000 (80%) loan; \$200,000 (20%) principal forgiveness) for water treatment plant and water distribution system improvements; recommended interest rate of 1.22% based on ATPI. Priority ranking is 8 of 21.

- **Humboldt (DWF 2019-215)** Requesting \$4,000,000 for water treatment plant and water distribution system improvements; recommended interest rate 1.22% based on ATPI. Priority ranking is 8 of 21.

Mr. Wilson made a motion to approve the loans, and Mr. Rummel seconded the motion. Ms. West performed a roll-call vote:

Ms. Harris— Aye
 Ms. Scott— Aye
 Mr. Wilson— Aye
 Mr. Rummel—Aye
 Mr. Wolfe— Aye

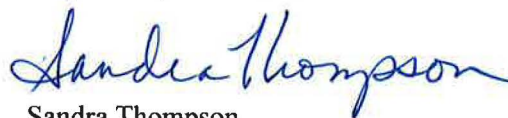
The motion was unanimously approved.

Hearing no other business, Mr. Wilson made a motion to adjourn, and Mr. Rummel seconded the motion. Detecting unanimous consent, Mr. Wilson adjourned the meeting.

The meeting was adjourned.

Approved on this 8th day of March, 2019.

Respectfully submitted,



Sandra Thompson
 Assistant Secretary