

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
October 9, 2023

The Tennessee Local Development Authority (the "TLDA") met on Monday, October 9, 2023, at 3:42 p.m. in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable David H. Lillard, Jr., State Treasurer, was present and presided over the meeting.

The following members were also present:

Chris Mustain, Proxy for the Honorable Tre Hargett, Secretary of State
 Sandra Thompson, Proxy for the Honorable Jason E. Mumpower, Comptroller of the Treasury
 Commissioner Jim Bryson, Department of Finance and Administration
 Mayor Paige Brown, House Appointee
 Mayor Rollen "Buddy" Bradshaw, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Treasurer Lillard called the meeting to order. Treasurer Lillard, in accordance with Public Chapter 300 and Board guidelines, asked Ms. Alicia West, Program Accountant with the Division of State Government Finance ("SGF") if any requests for public comment had been received. Ms. West responded that no requests for public comment had been received.

Treasurer Lillard stated that the first item on the agenda was approval of the minutes from the September 20, 2023, TLDA meeting. Treasurer Lillard motioned to approve the minutes, and Mayor Brown seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The minutes were unanimously approved.

Treasurer Lillard stated that the next item on the agenda was the consideration of a request from the Warren County Utility District (the "District") to issue United States Department of Agriculture ("USDA") Waterworks Revenue Bonds in an amount not to exceed \$4,000,000 on parity with its State Revolving Fund (SRF) loan. He recognized Ms. West, to present the request. Ms. West stated that the District was requesting approval from the TLDA to issue USDA Rural Development Bonds in an amount not to exceed \$4,000,000 on parity with its SRF loans. She explained that the bonds would be payable from and secured by a shared senior lien on the net revenues of the system and would be subject to a prior lien in favor of the District's Series 2009 Waterworks Revenue Bond, which it intended to pay off on or before November 8, 2023. Ms. West stated that the bonds would finance improvements and extensions to the District's Waterworks System, including a water line that the District noted was vitally important to the health and welfare of the citizens within its service area. Ms. West reported that the District made timely loan repayments and had timely filed its fiscal year end 2022 audited financial statements with the Division of Local Government Audit, which reflected a positive change in net position of \$1.5 million. She stated that the District had an operating income of approximately \$914,000 and its current and projected debt service coverage met or exceeded the 1.2 times coverage as required by the SRF loan agreement. Ms. West stated that based on the analysis conducted, the District appeared to meet the TLDA's criteria to issue the bonds on parity with its SRF loan. Treasurer Lillard inquired if there were any questions or discussion. Ms. Thompson stated that Betsy Knotts, a representative for the District, was on the phone. Treasurer Lillard asked if Ms. Knotts wished to comment, but she did not respond. With no further discussion, Treasurer Lillard motioned approval of the District's request. Mayor Brown seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The request was unanimously approved.

Treasurer Lillard stated that the next item on the agenda was the consideration of requests from the City of Cleveland (the "City") and Cleveland Utilities Authority (the "Authority"). He recognized Ms. Vena Jones, Program Manager,

Tennessee Department of Environment and Conservation (“TDEC”) Division of Water Resources, to present the request. Ms. Jones stated that the TDEC had received a request from the City to transfer its 18 SRF loans to the newly created Authority. She stated that TDEC assessed the financial capacity of the Authority and issued a waiver of opinion letter on September 25, 2023. Ms. Jones also stated that the City and the Authority would execute an agreement to assign all the loans’ rights, titles, and debts to the Authority. She added that TDEC would prepare new loan documents with the same terms as the 18 loans, and once approved, it would finalize and execute the documents. Treasurer Lillard asked if there was more to discuss regarding Cleveland, and Ms. West responded affirmatively. Ms. West stated that along with the 18 SRF loans to be transferred, the City had additional outstanding indebtedness related to the system, which would be retired with the proceeds of a new series of water and sewer revenue bonds to be issued in connection with the transfer of the system to the Authority. Ms. West stated that upon assignment of the loans from the City to the Authority, the Authority must request permission from the TLDA to issue additional debt pursuant to the loan agreements and as required by the TLDA Policy and Guidance for Borrowers. She stated that upon the transfer of the loans, the Authority requested permission from the TLDA to issue additional debt payable from the system’s revenues in an amount not to exceed \$28,500,000 and that it would be issued with a shared senior lien position of the combined systems on parity with the SRF loans. Ms. West stated that staff had reviewed the request and noted the timely repayments of the SRF loans and timely filing of Cleveland Utilities’ fiscal year end 2022 audited financial statements. Furthermore, she stated the audit report showed an operating income of \$6.2 million and a positive change in net position of \$5.5 million. Additionally, she stated that the Authority would be required to fund a security deposit for each loan upon TLDA approval. Ms. West stated that the Authority’s current and projected debt service coverage met or exceeded the 1.2 times coverage as required by the SRF loan agreement. Ms. West stated that based on the analysis and considering that the Authority would assume the operations of the City’s system, the Authority would have the ability to assume the City’s SRF loans and meet its other debt obligations. Furthermore, she stated that the Authority appeared to meet the TLDA’s requirements to issue bonds with a shared senior lien position of the combined systems’ revenues on parity with its SRF loans. Treasurer Lillard inquired if there were any questions for Ms. Jones or Ms. West. Hearing none, he moved approval of items 4. a) and 4. b). Commissioner Bryson asked if Treasurer Lillard intended to simultaneously entertain a motion on both items. Treasurer Lillard responded affirmatively. Commissioner Bryson moved to approve both requests, and Mayor Brown seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The requests were unanimously approved.

Treasurer Lillard stated that the next item on the agenda was the consideration and approval of a Clean Water State Revolving Fund (CWSRF) loan. He recognized Ms. Jones to present the loan request. Ms. Jones first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund balance was \$188,032,014 as of September 20, 2023. Upon approval of the loan request to be presented totaling \$20,000,000, the remaining funds available for loan obligations would be \$168,032,014. She then presented the CWSRF loan request.

- **Chattanooga (SRF 2023-478)** Requesting \$20,000,000 for an infiltration and inflow (I/I) correction: Wet weather storage, Phase 6—Construction of a 5 million-gallon (MG) equalization (EQ) basin, 10 million-gallons per day (MGD) Hixson pump station, a 20 MGD submersible dry-weather pump station, and associated appurtenances; recommended interest rate of 2.60% based on the Ability to Pay Index (ATPI); Priority ranking 48 of 64 (FY2020); Term: 20 years

Treasurer Lillard inquired if there were any questions or comments. Hearing none, Commissioner Bryson motioned to approve the loan, and Mayor Bradshaw seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The loan was unanimously approved.

Hearing no other business, Treasurer Lillard moved to adjourn the meeting. Commissioner Bryson seconded the motion. Treasurer Lillard asked all in favor to say aye and all opposed to say no.

The meeting was adjourned.

Approved on this 29th day of November, 2023.

Respectfully submitted,


Sandra Thompson
Assistant Secretary

