TENNESSEE LOCAL DEVELOPMENT AUTHORITY
April 6, 2017

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Thursday, April 6, 2017, at 3:00 p.m. in the State Capitol, room G-11, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
Commissioner Larry Martin, Department of Finance and Administration
William Wood, Proxy for the Honorable Justin Wilson, Comptroller of the Treasury
Dr. Kenneth Moore, House Appointee

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted 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. Sandra Thompson, Director of the Office of State and Local Finance ("OSLF") to call the roll:

Mr. Lillard—Present
Mr. Hargett— Present
Mr. Martin— Present
Dr. Moore— Present
Mr. Wolfe— Present
Mr. Wood— Present

Mr. Hargett asked Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation ("TDEC") State Revolving Fund ("SRF") program to present the unobligated balance report for the Clean Water SRF and the Clean Water SRF loan requests. Mr. Smith introduced Ms. Felicia Freeman, Senior Engineer with TDEC and stated she would present the report and the requests. Ms. Freeman first presented the unobligated fund balance report. She stated that the balance was $163,076,072 as of March 21, 2017, and since that time the balance had increased a total of $1,635,781 due to reductions to previous loans approved. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to $157,611,853.

Mr. Hargett asked Ms. Freeman to present the loan requests for Clean Water SRF and stated that without objection, all items would be taken up as one item:

- Oak Ridge (CG4 2017-356)—Requesting $2,000,000 ($1,860,000 (93%) loan; $140,000 (7%) principal forgiveness) for GREEN – Inflow/Infiltration Correction (Rehabilitation of approximately 30,000 Linear Feet of sewer line.); recommended interest rate of 1.89% based on the Ability to Pay Index (ATPI).
- Paris (CW5 2017-381)—Requesting $1,500,000 ($1,275,000 (85%) loan; $225,000 (15%) principal forgiveness) for wastewater treatment plant ("WWTP") upgrades and collection system rehabilitation; recommended interest rate of 1.48% based on the ATPI.

- Paris (SRF 2017-382)—Requesting $3,600,000 for WWTP upgrades and collection system rehabilitation; recommended interest rate of 1.48% based on the ATPI.

  Mr. Lillard made a motion to approve the loans, and Dr. Moore seconded the motion. Ms. Thompson called the roll:

  Mr. Lillard— Aye
  Mr. Hargett— Aye
  Mr. Martin— Aye
  Dr. Moore— Aye
  Mr. Wood— Aye
  Mr. Wolfe— Aye

The motion was unanimously approved.

Mr. Hargett stated that the prior agenda item to approve the minutes of the previous meeting had been inadvertently overlooked. He made a motion to approve the minutes of the March 21, 2017, TLDA meeting. Dr. Moore seconded the motion, and Ms. Thompson called the roll:

Mr. Lillard— Aye
Mr. Hargett— Aye
Mr. Martin— Aye
Dr. Moore— Aye
Mr. Wood— Aye
Mr. Wolfe— Aye

The minutes were unanimously approved.

Mr. Hargett then asked Ms. Freeman to present the unobligated balance report for the Drinking Water SRF and the Drinking Water SRF loan requests, stating that both items would be taken up as one. Ms. Freeman first presented the unobligated fund balance report. She stated that the balance was $45,025,114 as of March 21, 2017, and since that time the balance had increased by $227,674 due to reductions to a previous loan approved. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to $43,002,788.

- Parsons (DG6 2017-185)—Requesting $1,000,000 ($800,000 (80%) loan; $200,000 (20%) principal forgiveness) for improvements to the existing Parsons water treatment plant ("WTP") (Additional flocculation and sedimentation basins. Modification of the chlorination process by switching from chlorine gas to liquid chlorine. Relocation of the existing motor control center. Sludge dewatering and disposal improvements and new emergency generators at the raw water intake structure, the existing WTP, and at the Perryville water storage tank.); recommended interest rate of 0.94% based on the ATPI.
- Parsons (DWF 2017-191)—Requesting $1,250,000 for improvements to the existing Parsons WTP (Additional flocculation and sedimentation basins. Modification of the chlorination process by switching from chlorine gas to liquid chlorine. Relocation of the existing motor control center. Sludge dewatering and disposal improvements and new emergency generators at the raw water intake structure, the existing WTP, and at the Perryville water storage tank.); recommended interest rate of 0.94% based on the ATPI.

Dr. Moore made a motion to approve the loans, and Mr. Lillard seconded the motion. Ms. Thompson called the roll:

Mr. Lillard— Aye
Mr. Hargett— Aye
Mr. Martin— Aye
Dr. Moore— Aye
Mr. Wood— Aye
Mr. Wolfe— Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item was consideration of approval of a recommendation by the Department of Environment and Conservation for the suballocation of Qualified Energy Bonds (QECBs) to the city of Paris in response to the request for proposal for qualified uses of these bonds, contingent upon the City's approval of its authorizing resolution.

Mr. Hargett asked Ms. Alexa Voytek, Grants Program Manager, Office of Energy Programs ("OEP") in the Department of Environment and Conservation, to present the request. Ms. Voytek explained that the City of Paris proposed to use the proceeds of a $2,532,500 bond issuance for an energy savings performance contract with Trane serving as the energy performance contractor. Ms. Voytek stated that the project will include an upgrade of streetlights to LED lighting technology, conversion of lighting within select City-owned buildings to LED lighting technology, addition of intelligent thermostats on HVAC systems, the addition of energy-saving vending machine controls, and an upgrade to the Civic Center's indoor pool dehumidifier. Ms. Voytek stated that the issuance of the bonds is expected to take place in May or June 2017. Ms. Voytek stated that the project is expected to yield annual energy and operational savings of $189,127, reducing utility costs and consumption by 15-20% over the next 20 years. Ms. Voytek explained that should the guaranteed savings not be met, Trane would be required to make a payment to the city to cover the difference. Ms. Voytek explained that the City of Paris had originally approved an authorizing resolution on March 2, 2017; however, due to increased project cost estimates, a subsequent supplemental resolution is scheduled to be considered for approval by the city's board of commissioners on April 6, 2017 (the same day as this meeting). She stated that the OEP recommends approval of this allocation contingent upon receipt of the approved subsequent supplemental resolution. Ms. Voytek stated that upon approval of this request, the total QECB allocation remaining for suballocation would be $24,403,595.

Mr. Lillard made a motion to approve the request, and Mr. Hargett seconded the motion. Ms. Thompson called the roll:

Mr. Lillard— Aye
Mr. Hargett— Aye
Mr. Martin— Aye
Dr. Moore— Aye
Mr. Wood— Aye
Mr. Wolfe— Aye

The motion was unanimously approved.

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

Mr. Lillard— Aye
Mr. Hargett— Aye
Mr. Martin— Aye
Dr. Moore— Aye
Mr. Wood— Aye
Mr. Wolfe— Aye

The meeting was adjourned.

Approved on this 11th day of May, 2017.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary