



TENNESSEE LOCAL DEVELOPMENT AUTHORITY
MARCH 28, 2022
AGENDA

1. Call meeting to order
2. Approval of minutes from the TLDA meeting of February 23, 2022
3. Consider for approval the following Drinking Water Loan:

	SRF Base Loan	Principal Forgiveness	Total Request	Interest Rate	Term
LaFollette, DW8 2022-248	\$ 250,000	\$ 250,000	\$ 500,000	0.12%	5

4. Report on SRF borrowers that have not submitted request for project expense reimbursement
5. Adjourn

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
February 23, 2022

The Tennessee Local Development Authority (the “TLDA”) met on Wednesday, February 23, 2022, at 11:10 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 Jason E. Mumpower, Comptroller of the Treasury
The Honorable David H. Lillard, Jr., State Treasurer
Commissioner Butch Eley, 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:

Mayor Paige Brown, House Appointee
Mayor Gary Cordell, Senate Appointee

The following members were absent:

The Honorable Bill Lee, Governor

Recognizing a quorum present, Mr. Hargett called the meeting to order, and then proceeded to conduct a roll call:

Mayor Brown—Present
Mayor Cordell—Present
Mr. Eley—Present
Mr. Lillard—Present
Mr. Mumpower—Present
Mr. Hargett—Present

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the December 20, 2021, TLDA meeting. Mr. Hargett made a motion to approve the minutes, and Mr. Mumpower seconded the motion. Mr. Hargett asked Ms. Sandi Thompson, TLDA Assistant Secretary, and the Director of the Division of State Government Finance (DSGF) to conduct a roll call:

Mayor Brown—Aye
Mayor Cordell—Aye
Mr. Eley—Aye
Mr. Lillard—Aye
Mr. Mumpower—Aye
Mr. Hargett—Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of a Clean Water State Revolving Fund (CWSRF) loan request. He recognized Ms. Felicia Freeman, TDEC’s Environmental Manager of the Division of Water Resources/SRF, to present the loan request. Ms. Freeman first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund balance was \$7,897,641 as of December 20, 2021. She stated that since that time, the unobligated balance had increased by \$151,676,711, comprised of treasury interest, interest payments, and principal repayments for fiscal year 2021. Upon approval of the loan request to be presented for \$19,000,000, the remaining funds available for loan obligations would be \$140,574,352. She then presented the CWSRF loan request.

- **Chattanooga (SRF 2020-440-01)** Requesting \$19,000,000 for Water and Wastewater Treatment Plant (WWTP) improvements and infiltration and inflow correction (installation of approximately 900 linear feet (LF) of conveyance piping at the Moccasin Bend WWTP; replace approximately 2,200 LF of 30-inch diameter Citico force main; and the construction of a 30 million gallon (MG) equalization basin, 20 MG pump station, and associated appurtenances; recommended interest rate of 0.88% based on the Ability to Pay Index (ATPI); Priority ranking 6, 18, and 64 of 83 (FY2019); Term: 20 years

Mr. Hargett made a motion to approve the loan, and Mr. Eley seconded the motion. Mr. Hargett inquired if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll-call vote:

Mayor Brown—Aye
 Mayor Cordell—Aye
 Mr. Eley—Aye
 Mr. Lillard—Aye
 Mr. Mumpower—Aye
 Mr. Hargett—Aye

The loan was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of Drinking Water State Revolving Fund (DWSRF) loan requests. He called upon Ms. Freeman to present the loan requests. Ms. Freeman first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. She stated the unobligated fund balance was \$65,284,208 as of December 20, 2021. She stated that since that time, the unobligated balance had increased by \$48,119,304, comprised of an EPA Capitalization Grant, the required State match, interest payments, principal repayments, and treasury interest for fiscal year 2021. Upon approval of the loan requests to be presented totaling \$3,918,900, the remaining funds available for loan obligations would be \$109,484,612. She then presented the DWSRF loan requests.

- **Hiwassee Utilities Commission and Bradley County (DWF 2021-232A)** Requesting \$1,459,450 for Water Treatment Plant (WTP) improvements (convert the disinfection system from chlorine to sodium hypochlorite; construction of a new chemical storage building; improvements to the compressed air system; and the installation of new control valves and instrumentation); recommended interest rate of 0.81% based on the ATPI; Priority ranking 29 of 48 (FY2020); Term: 20 years
- **Hiwassee Utilities Commission and McMinn County (DWF 2021-232B)** Requesting \$1,459,450 for WTP improvements (convert the disinfection system from chlorine to sodium hypochlorite; construction of a new chemical storage building; improvements to the compressed air system; and the installation of new control valves and instrumentation); recommended interest rate of 0.81% based on the ATPI; Priority ranking 29 of 48 (FY2020); Term 20 years
- **Ocoee Utility District (DWF 2021-242)** Requesting \$1,000,000 for WTP improvements (construction of a new 500,000 gallon clear well at the Carpenter Springs WTP); recommended interest rate of 0.96% based on the ATPI; Priority ranking 32 of 48 (FY2020); Term 20 years

Mr. Hargett made a motion to approve the loans, and Mr. Mumpower seconded the motion. Mr. Hargett inquired if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll-call vote:

Mayor Brown—Aye
 Mayor Cordell—Aye
 Mr. Eley—Aye
 Mr. Lillard—Aye
 Mr. Mumpower—Aye

Mr. Hargett—Aye

The loans were unanimously approved.

Mr. Hargett stated that the next item on the agenda was a consideration of a request from the Ocoee Utility District (the “District”) to issue Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2022, in an amount not to exceed \$25,000,000 on parity with its outstanding SRF loan agreements. He called upon Ms. Thompson to present the item. Ms. Thompson stated that the Ocoee Utility District was requesting approval from the TLDA to issue Water and Wastewater Revenue Refunding and Improvement Bonds, Series 2022, in an amount not to exceed \$25,000,000 on parity with its outstanding SRF loan agreements. She further stated that the request for approval was required by provisions set forth in the SRF loan agreements and guidelines set forth in the TLDA/SRF Policy and Guidance for Borrowers. She stated that the District proposed to issue the Bonds to refund its outstanding Water Revenue Refunding and Improvement Bonds, Series 2013, and its Water Revenue Refunding Bonds, Series 2016. Ms. Thompson stated that the debt issuance would include new money bonds totaling \$10,000,000. In addition, she said the District’s revenues would secure the proposed debt and that the refunding would generate net present value savings of approximately \$528,536 or 5.024%. She reported that the District’s debt rating was A+ by S&P. Ms. Thompson stated that the District had a history of timely repayments on its SRF loans, had timely filed its FY2021 audit report, and had a security deposit in place in the amount of \$150,227. She further stated that the District’s revenues would be sufficient to cover its debt service and that its current and projected debt service coverage ratios met or exceeded the required 1.2 times coverage. Ms. Thompson stated that the District was not under the jurisdiction of the Utility Boards. She stated that based on analysis conducted, the District meets the TLDA’s criteria to issue the Bonds on parity with its SRF loans and staff recommended approval of the issuance.

Mr. Hargett made a motion to approve the request, and Mr. Mumpower seconded the motion. Mr. Hargett inquired if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll-call vote:

Mayor Brown—Aye
Mayor Cordell—Aye
Mr. Eley—Aye
Mr. Lillard—Aye
Mr. Mumpower—Aye
Mr. Hargett—Aye

The request was unanimously approved.

Mr. Hargett stated that the next item of business was the report on the notification from the City of Algood (the “City”) submitted to comply with TLDA SRF Policy and Guidance for Borrowers. He called upon Ms. Thompson to present the report. Ms. Thompson stated that the TLDA had received notification from the City of Algood stating it had received a commitment from the United States Department of Agriculture (USDA) to purchase its \$1,890,000 Water and Sewer Revenue and Tax Deficiency Bond. She further stated that the funds would be used to finance improvements to the City’s water and sewer system. Ms. Thompson said that prior to issuing the bond, the City was obligated under its loan agreement with the TLDA, and the guidelines set forth in the TLDA/SRF Policy and Guidance for Borrowers to provide notice of the issuance of debt contemplated to be secured by a lien on the revenues of the City’s water and sewer system. She stated that the City indicated its authorizing resolution for the bond would acknowledge that the lien securing the bond would be subordinate to the lien granted in favor of the TLDA securing the loan. She stated that this was a notification and would not require action by the TLDA board. Mr. Hargett asked if there were any questions about the report. There were no questions. This report was for information only, and no board action was needed.

Hearing no other business, Mr. Hargett made a motion to adjourn the meeting, and Mr. Mumpower seconded the motion. Mr. Hargett asked Ms. Thompson to conduct a roll-call vote:

Mayor Brown—Aye

Mayor Cordell—Aye
Mr. Eley—Aye
Mr. Lillard—Aye
Mr. Mumpower—Aye
Mr. Hargett—Aye

The meeting was adjourned.

Approved on this ____ day of _____, 2022.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES

Drinking Water State Revolving Fund (DWSRF) Loan Program
Funds Available for Loan Obligation
March 28, 2022

Unobligated Balance as of February 23, 2022			\$ 109,484,612
Increases:		Loan Number	Amount
City of Cleveland		DW6 2017-192	\$ 1,555
			\$ 1,555
Unobligated Balance as of March 28, 2022			\$ 109,486,167
Decreases:		Loan Number	Loan Amount
City of LaFollette (Principal)		DW8 2022-248	\$ 250,000
City of LaFollette (Loan Forgiveness)		DW8 2022-248	\$ 250,000
			\$ (500,000)
Remaining Funds Available for Loan Obligations as of March 28, 2022			\$ 108,986,167

FACT SHEET
March 28, 2022

Borrower: City of Lafollette
Project Number: DW8 2022-248
Requested SRF Funding: \$500,000
Term: 5 years
Rate: 0.12% = 0.31% x 40% (Tier 1)

Project:

Waterline Extension Planning and Design Project (Installation of waterlines to provide water to the unserved areas in the unincorporated communities of Cedar Creek, Alder Springs, and Flat Hollow in Campbell County).

Total Project Cost:	\$500,000
Project Funding:	
SRF Loan Principal (50%)	\$250,000
Principal Forgiveness (50%)	\$250,000
Local Funds	\$ -0-
Other Funds	\$ -0-

County:	Campbell County
Consulting Engineer:	Cannon & Cannon, Inc.
Priority Ranking List:	FY 2021
Priority Ranking:	9 of 72 ¹
Public Meeting:	03/24/2022

Financial Information:

Operating Revenues:	\$6,970,025
Current Rate:	\$33.02
Financial Review Rate:	\$33.02
Effective Rates, if applicable:	N/A
Residential User Charge:	5,000 gal/month
Customer Base:	10,212
Audit Report Filed:	10/28/2021 (Timely)
Initial Financial Sufficiency Review:	12/02/2021
Updated Financial Sufficiency Review:	N/A

The financial sufficiency review indicates that revenues and rates are sufficient to repay its SRF loan(s).

¹ The Project ranked #9 of 72 on the Fiscal Year 2021 Priority Ranking List (PRL).

FACT SHEET
March 28, 2022

Additional Security

The borrower pledges its unobligated state-shared taxes (SSTs) in an amount equal to the maximum annual debt service (MADS) requirements under the loan agreement.

The SSTs received by the borrower from the state in the prior fiscal year: \$1,080,538

MADS:	Prior Obligations:	\$489,744
	Proposed loan(s):	
	DW8 2022-248	<u>\$ 50,153</u>
	Totals	<u>\$ 539,897</u>

MADS as a percentage of SSTs: 49.97%

**LOANS AND STATE-SHARED TAXES
CITY OF LAFOLLETTE
DW8 2022-248**

As security for payments due under a State Revolving Fund (SRF) Loan Agreement, a local government pledges user fees, charges, and ad valorem taxes as necessary to meet its obligations under a SRF Loan Agreement. As an additional security for such payments due, a local government pledges and assigns its unobligated state-shared taxes (SSTs) in an amount equal to maximum annual debt service (MADS) requirements.

1. State-Shared Taxes

The total amount of SSTs, as identified pursuant to Tenn. Code Ann. § 4-31-105(c)(2), received by the local government in the prior fiscal year of the State is \$1,080,538.

2. Prior Obligations

(a.) Prior SRF loans which have been funded or approved for which the Local Government has pledged its SSTs are as follows:

Loan Type	Loan #	Base Loan*	Loan Forgiveness*	MADS**
SRF/Water	DWF 2003-052	\$1,060,000	\$0	\$56,868
SRF/Sewer	SRF 2006-190	\$6,500,000	\$0	\$432,876

* If applicable, the original approved amount is adjusted for decreases and approved increases

**MADS is an estimate until final expenses have been determined

The total MADS from section 2(a.) having a lien on SSTs is \$489,744.

(b.) Other prior obligations which have been funded or approved for which the local government has pledged its SSTs are as follows:

Type of Obligation	Identifying #	Loan Amount	Loan Forgiveness	MADS
QZAB/QSCB				
TLDA/Public Health				
TLDA/Transportation				

The total MADS from section 2(b.) having a lien on SSTs is \$0.

(c.) The total MADS from prior obligations having a lien on SSTs [subsections 2(a)+2(b)] is \$489,744.

3. Loan Requests

The loan(s) which have been applied for and for which state-shared taxes will be pledged:

Loan Type	Loan #	Anticipated Interest Rate	Base Loan	Loan Forgiveness	Anticipated MADS
SRF/Sewer	DW8 2022-248	0.12%	\$500,000	\$250,000	\$50,153

The anticipated total maximum annual pledge of state-shared taxes pursuant to loan request(s) is \$50,153.

4. Unobligated SSTs

The amount set forth in section (1) less the total amounts set forth in sections 2 and 3 is \$540,641.

The Local government hereby represents the information presented above is accurate and understands that funding for the loan request(s) presented is contingent upon approval by the TLDA.

Duly signed by an authorized representative of the Local Government on this 2nd day of February, 2022.

This is the Comptroller's certificate as required by TCA 4-31-108.

LOCAL GOVERNMENT

BY: Phillip L. Farmer
Phillip L. Farmer, Mayor

REQUIREMENT FOR REPORT ON DEBT OBLIGATION

(FORM CT-0253)

CITY OF LAFOLLETTE

DW8 2022-248

Pursuant to Tenn. Code Ann. § 9-21-134, a Report on Debt Obligation (the "Report") must be prepared for all debt obligations issued or entered into by any public entity and filed with its governing body with a copy sent to the Office of State and Local Finance/Comptroller of the Treasury for the State of Tennessee. The purpose of the Report is to provide clear and concise information to members of the governing or legislative body that authorized and is responsible for the debt issued.

Public entities that fail to comply with the requirements of Tenn. Code Ann. § 9-21-134 are not permitted to enter into any further debt obligations until they have complied with the law. A State Revolving Fund (SRF) loan program applicant that is not in compliance with this law should file the Report as soon as possible and provide notification of filing to the SRF loan program so that it may proceed with the loan application. Instructions on how to file the Report are located in the "Debt" category for "Local Finance" on the website of the Tennessee Comptroller of the Treasury.

Municipal Securities Rulemaking Board (MSRB) – Required Disclosure

Local governments that issue municipal securities on or after February 27, 2019, should be aware that the Securities and Exchange Commission (SEC) adopted amendments to Rule 15c2-12 of the Securities Exchange Act that require reporting on material financial obligations that could impact an issuer's financial condition or security holder's rights. The amendments add two events to the list of events that must be included in any continuing disclosure agreement that is entered into after the compliance date:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

To learn how to report these new disclosures please refer to the MSRB's Electronic Municipal Market Access EMMA® website (emma.msrb.org).

The applicant, City of LaFollette, attests that it is in compliance with Tenn. Code Ann. § 9-21-134 for its debt obligations and understands that the Report is required to be filed once the SRF loan has been approved by the Tennessee Local Development Authority and the agreement has been executed by the borrower. The applicant further acknowledges that it may be responsible to perform continuing disclosure undertakings related to SEC Rule 15c2-12. Local governments should always consult bond counsel in order to obtain advice on appropriate disclosures related to this rule.

Phillip L. Farmer

Phillip L. Farmer, Mayor

February 2, 2022

Date

This is the Comptroller's certificate as required by TCA 4-31-108.

PROJECT NAME & NUMBER	STATE GOVERNMENT FINANCE LOAN ACTIVITY March 2022	PROJECT TYPE	DATE LOAN AWARDED	LOAN AMOUNT	TDEC DETAILS/COMMENTS/STATUS	PROJECT SCHEDULE STATUS Compliance Non-compliance (Need Explanation or Justification)
City of Athens CW8 2021-459	No funds have been disbursed to borrower	Clean Water	10/25/2021	\$ 2,000,000	The original plans were approved on November 15, 2021. The project is partially funded by CDBG and must be forward to EDA for plans approval. While getting the plans ready to send, EDA requested the City replace the front EDA documents with the newer ones since the original submission was in Nov 2020 and are now outdated. The documents will be resubmitted to TDEC-SRF for approval due to the change. There are no changes in scope. The City anticipates the advertise and bid will happen in March followed by the first disbursement request in late May, early June. (Per Douglas L. Unger, P.E., Director of Engineering, City of Athens)	In compliance with a completion date of December 31, 2023.
City of Cleveland SRF 2018-417-01	No funds have been disbursed to borrower	Clean Water	9/21/2020	\$ 10,000,000	This is a companion loan to SRF 2018-417, which is currently 99% reimbursed. The final disbursement request submitted by April 1, 2022 along with the first disbursement request for SRF 2018-417-01. (Per Greg Clark, Manager, City of Cleveland Utilities)	In compliance with a construction completion date of June 30, 2025.
City of Dayton CW8 2021-453	No funds have been disbursed to borrower	Clean Water	10/25/2021	\$ 2,500,000	The project was bid March 15, 2022 and came in over budget. The City of Dayton is evaluating it's options. The first disbursement request will be submitted by August 2022. (Per J. Gregory Davenport, P.E., Wauford Engineering)	In compliance with a construction completion date of March 31, 2024.
City of Dayton SRF 2021-454	No funds have been disbursed to borrower	Clean Water	10/25/2021	\$ 18,114,550	This a companion loan to CW8 2021-453. Once the CW8 2021-453 loan is complete, disbursements will begin for this loan.	In compliance with a construction completion date of March 31, 2024.
City of Memphis SRF 2021-451	No funds have been disbursed to borrower	Clean Water	2/17/2021	\$ 15,000,000	Plans and Specification have been approved along with selection of a bidder. Once the ATA is approved, contracts will be finalized, and work will begin. (Per Scott Morgan, City of Memphis)	In compliance with a construction completion date of April 30, 2022.
City of Westmorland SRF 2021-458	No funds have been disbursed to borrower	Clean Water	7/22/2021	\$ 3,987,000	This is a companion loan for CW8 2021-457, which is 34% complete. Once CW8 2021-457 is complete, the first disbursement will begin for this loan.	In compliance with a construction completion date of October 24, 2022.
City of Whitehouse SRF 2021-449-01	No funds have been disbursed to borrower	Clean Water	7/22/2021	\$ 8,000,000	This is a companion loan for SRF 2021-449, which is 17% complete. Once SRF 2021-449 is complete, disbursements will begin for this loan.	In compliance with a construction completion date of December 1, 2022.
Etowah Utilities DG9 2021-241	No funds have been disbursed to borrower	Drinking Water	8/23/2021	\$ 1,000,000	There were delays, due to Covid 19; ransomware attack by hackers on our company computers (this shut down our computers about 6 weeks), and finally there was a chip shortage wherein meters were not available. The supplier is making meters available for Etowah so that they will be shipped soon. (Per Ron Key, P.E., CTI Engineers)	In compliance with a construction completion date of June 30, 2023.
Town of Huntland SRF 2019-427	No funds have been disbursed to borrower	Clean Water	5/21/2021	\$ 2,925,000	This is a companion loan for CW6 2019-426. The Town of Hunland will draw down the first loan completely and begin pulling from this loan. CW6 2019-426 is 36% complete. The first anticipated disbursement request is scheduled for this summer. (Per Dudley Fox, P.E., Fox Engineering)	In compliance with a construction completion date of June 30, 2022.