

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**May 21, 2020**

Pursuant to the provisions of Executive Order 16, as amended by Executive Order 34, the Tennessee Local Development Authority (the Authority or TLDA) met without a physical location on Thursday, May 21, 2020, at 12:20 p.m. via WebEx. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present via WebEx:

The Honorable Justin P. Wilson, Comptroller of the Treasury  
Kevin Bradley, Proxy for the Honorable David H. Lillard, Jr., State Treasurer  
Angela Scott, Proxy for Commissioner Butch Eley, Department of Finance and Administration

The following members were absent:

The Honorable Bill Lee, Governor  
Dr. Kenneth L. Moore, House Appointee  
Mr. Pat Wolfe, Senate Appointee

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 conduct a roll-call:

Mr. Hargett—Present  
Mr. Wilson—Present  
Mr. Bradley—Present  
Ms. Scott—Present

Recognizing a quorum present, Mr. Hargett read the following statement:

“Governor Bill Lee, a member of this entity, has previously declared a state of emergency to facilitate Tennessee’s response to Coronavirus Disease 2019 (COVID-19). His Executive Order No. 16, as amended by Executive Order No. 34, allows governing bodies to meet electronically regarding essential business in light of COVID-19, so long as they provided electronic access to the public and met certain safeguards established in that Order to ensure the openness and transparency of the proceedings. In the Notice for this meeting, we indicated the meeting would be conducted through WebEx Events and provided information and the steps for public electronic participation. At this time we need a motion to make a determination pursuant to the provisions of Executive Order 16, as amended, that meeting electronically without a physical location is necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak and the matters listed on the agenda for this meeting relate to the essential business of this board and the necessary safe guards have been taken.”

Mr. Wilson made a motion to approve, and Mr. Hargett seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye  
Mr. Wilson—Aye  
Mr. Bradley—Aye  
Ms. Scott—Aye

The motion carried to conduct the TLDA meeting in this manner.

Mr. Hargett stated that the next item of business was a request from Big Creek Utility District (the "District") and recognized Ms. Thompson to present the request. Ms. Thompson stated that as required by the provisions set forth in the SRF loan agreements and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*, the District had submitted a request for approval to issue a United States Department of Agriculture (USDA) Bond in an amount not to exceed \$2,600,000 with a lien position subordinate to its outstanding State Revolving Fund (SRF) loan agreements. She stated that the District had requested a waiver of section 7(m) of the loan agreements which prohibits the issuance of debt secured by a system's revenues unless the audit of the most recent fiscal year end was filed within six months of the fiscal year end. She further stated that a letter indicating the District's reasons for filing a late audit was included with the meeting materials. She continued, saying that in addition to the waiver of section 7(m), the District was also requesting approval of the proposed debt issuance. Ms. Thompson stated that the OSLF had determined the proposed debt would be secured by revenues of the wastewater system, that the District had a history of timely repayments on its SRF loans, and that it had a security deposit in place in the amount of \$170,000. She reported its current and projected debt service coverage ratio had either met or exceeded the 1.2 times requirement. Furthermore, she stated that its projected revenues ranged from 1.35 times to 1.42 times through fiscal year 2023. Ms. Thompson noted that although it was not under the jurisdiction of the Utilities Management Review Board (UMRB), it was necessary to disclose that the UMRB recommended a merger between Griffith Creek Utility District and Big Creek Utility District. She stated that following the merger, Big Creek would assume the debt of Griffith Creek, including its SRF debt. She then concluded, saying that based on the analysis conducted by the OSLF, the District would have sufficient cash and revenues to meet its obligations, and it appeared to meet the TLDA's guidelines for approval to issue bonds with a subordinate lien position to its outstanding SRF loan agreements. Mr. Hargett inquired if the District's Bond Counsel, Mr. Jeff Oldham, with Bass, Berry, & Sims was present. He had not yet joined the meeting. Mr. Hargett then asked Mr. David Burn, Assistant Attorney General for the State of Tennessee, if the TLDA could make a motion to approve both items (3a. & 3b.) at the same time. Mr. Burn responded affirmatively.

Mr. Hargett asked if the members had any questions. Hearing none, he made a motion to approve item 3 (a) and (b). Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett— Aye  
 Mr. Wilson— Aye  
 Mr. Bradley— Aye  
 Ms. Scott—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was a request from the Water Authority of Dickson County (WADC) to issue promissory notes in an amount not to exceed \$260,000 subordinate to its SRF loan agreements. He called upon Ms. Thompson to present the request. Ms. Thompson stated that in accordance with the *TLDA SRF Policy and Guidance for Borrowers*, the WADC had submitted a request to borrow money by way of a promissory note. She stated that the proposed debt would be subordinate to its SRF loan agreements, and further stated that the debt issuance would provide funding to purchase two large dump trucks. Ms. Thompson then stated that the borrower had a history of timely repayments on its SRF loans, had timely filed its audited financial statements, and that it had a security deposit in place in the amount of \$782,000. She continued, saying that the WADC's most recent financial statements reflected a positive net change in position, and that its current and projected debt service coverage ratio met or exceeded the 1.2 times requirement. She concluded, saying that based on analysis conducted by the OSLF, the WADC would have sufficient cash and revenues to meet its obligations, and that it appeared to meet the TLDA's guidelines for approval to issue additional debt subordinate to its outstanding SRF loan agreements. Mr. Hargett inquired if Ms. Thompson's analysis was complete. She responded affirmatively. Mr. Hargett then asked Mr. Benjamin Regan, WADC's Bond Counsel, if he had anything to add. He responded, saying he had nothing further to add, and that Ms. Thompson's analysis was complete and correct.

Mr. Hargett made a motion to approve, and Ms. Scott seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett— Aye  
Mr. Wilson— Aye

Mr. Bradley— Aye  
Ms. Scott—Aye

The motion was unanimously approved.

Mr. Hargett then stated that the next item on the agenda was a request from Nashville Metro and Davidson County to issue three new SRF loans on parity with its outstanding Water and Sewer Revenue Bonds. Once again, he called upon Ms. Thompson to present the request. Ms. Thompson referred to Nashville Metro's SRF loans that were on today's meeting agenda to be presented to the TLDA for approval and stated that it had requested approval to issue the loans on parity with its outstanding Water and Sewer Revenue Bonds. She stated that this would provide a better lien position in securing the SRF loans and would be in the public's best interest. She noted that Metro Government understood that it must obtain the TLDA's consent to issue any future bonds on parity with its SRF loans. Mr. Hargett inquired again if Mr. Oldham was present. He also inquired if Mr. Kevin Crumbo, Metro Nashville's Finance Director, and Amanda Deaton-Moyer, Assistant Director of Metro Water Services were on the line. There was no reply. Ms. Thompson stated that they may be having difficulties with the electronic connection.

Mr. Hargett asked if there were any questions. Hearing none, he made a motion to approve, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett— Aye  
Mr. Wilson— Aye  
Mr. Bradley— Aye  
Ms. Scott—Aye

The motion was unanimously approved.

Mr. Hargett inquired if Mr. Crumbo's audio was working. He answered affirmatively, stating that he was there with Mr. Oldham, Ms. Deaton-Moyer, and Metro's Deputy Law Director, Margaret Darby. Mr. Hargett then stated that Nashville Metro's request had already been approved and that the TLDA would get back to them.

Mr. Hargett stated that the next item on the agenda was a report on the notification from the City of Crossville submitted to comply with *TLDA SRF Policy and Guidance for Borrowers*. He recognized Ms. Thompson to present the report. Ms. Thompson stated that the City had submitted notification to the TLDA as required by the *TLDA SRF Policy and Guidance for Borrowers*. She stated that the proposed debt would be secured by water and sewer revenues and that it would be issued subordinate to its pledge of revenues in favor of the City's SRF loans. Mr. Hargett acknowledged that the item was a report item and no further action was necessary.

Mr. Hargett stated that the next item on the agenda was a request for consideration of approval for Clean Water State Revolving Fund (CWSRF) loans and stated that, unless there was any objection, the TLDA would hear the four loan requests prior to asking for a motion to approve. Hearing none, he recognized Ms. Felicia Freeman, Environmental Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan requests. Ms. Freeman first presented the unobligated fund balance. She stated the balance was \$62,009,399 as of March 6, 2020. Since that time, the unobligated balance had increased by \$393,899 with the return of previous loan funding from Lincoln County and the City of Lewisburg. With this addition the approval of the loan requests

to be presented totaling \$16,018,000, the funds available for loan obligations would be \$46,385,298. She then described the CWSRF loan requests.

- **Nashville Metro (SRF 2020-446)** Requesting \$11,600,000 for an infiltration and inflow (I/I) correction (rehabilitation of approximately 20,550 linear feet of 8-inch to 42-inch diameter existing sewer lines by cured-in-place pipe lining; rehabilitation of approximately 110 sewer service renewals by lining and excavation methods; manhole rehabilitation and installation of clean out); recommended interest rate of 0.95% based on the Ability to Pay Index (ATPI); Priority ranking 31 of 72 (FY 2018); Term 20 years.
- **Huntland (CG6 2019-426)** Requesting \$1,000,000 (\$900,000 (90%) loan; \$100,000 (10%) principal forgiveness) for decentralized wastewater treatment system (construction of a 0.17 million gallons per day (MGD) decentralized wastewater treatment facility and the installation of a septic tank/treatment tank effluent pumping (STEP) wastewater collection system to serve customers with failing septic tanks; recommended interest rate of 0.32% based on the ATPI; Priority ranking list 18 of 67 (FY2017); Term 30 years.
- **Huntland (SRF 2019-427)** Requesting \$2,925,000 for decentralized wastewater treatment system (construction of a 0.17 MGD decentralized wastewater treatment facility and the installation of a STEP wastewater collection system to serve customers with failing septic tanks; recommended interest rate of 0.32% based on the ATPI; Priority ranking list 18 of 67 (FY2017); Term 30 years.
- **Caryville-Jacksboro (CW8 2020-444)** Requesting \$493,000 (\$443,700 (90% loan; \$49,300 (10%) principal forgiveness) for wastewater treatment plant improvements (construction of 3<sup>rd</sup> clarifier and associated appurtenances project; recommended interest rate of 0.54% based on the ATPI; Priority ranking list 1 of 82 (FY2019); Term 20 years

Mr. Hargett stated that Nashville Metro was available to answer any questions. Hearing none, he made a motion to approve the loans, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett— Aye  
 Mr. Wilson— Aye  
 Mr. Bradley— Aye  
 Ms. Scott—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of approval for Drinking Water State Revolving Fund (DWSRF) loans. He stated that the TLDA would hear the two loan requests prior to asking for a motion to approve. He then called upon Ms. Freeman to present the loan requests. Ms. Freeman stated the DWSRF unobligated balance was \$70,213,713 as of March 6, 2020. Upon approval of the loan requests to be presented totaling \$32,493,000, the funds available for loan obligations would be \$37,823,928. She then described the DWSRF loan requests.

- **Nashville Metro (DG8 2020-223)** Requesting \$5,000,000 for green – distribution system improvements (construction of a new 2.5 million gallon (MG) 38<sup>th</sup> Ave water storage tank; upgrade/improvements to the 8<sup>th</sup> Ave water storage tank; and replacing approximately 14, 340 linear feet (LF) of 2-inch through 8-inch diameter cast iron waterlines with 8-inch diameter waterlines in the 12<sup>th</sup> Ave S area; recommended interest rate of 0.65% based on the ATPI; Priority ranking 10, 27, 28 of 43 (FY2019); Term 20 years.
- **Nashville Metro (DWF 2020-224)** Requesting \$27,493,000 for green- distribution system improvements (construction of a new 2.5 MG 38<sup>th</sup> Ave water storage tank; upgrade/improvements to the 8<sup>th</sup> Ave water



storage tank; and replacing approximately 14,340 LF of 2-inch through 8-inch diameter cast iron waterlines with 8-inch diameter waterlines in the 12th Ave S area; recommended interest rate of 0.95% based on the ATPI; Priority ranking list 10, 27, 43 of 21 (FY2018); Term 20 years.

Mr. Hargett again stated that Nashville Metro was present to answer questions. Hearing none, he made a motion to approve the loans, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett— Aye

Mr. Wilson— Aye

Mr. Bradley— Aye

Ms. Scott—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was a report on SRF borrowers that had not submitted a request for project expense reimbursement. He called upon Ms. Freeman to present the report. Ms. Freeman stated that all borrowers listed on the report were in compliance with their project schedules; however, TDEC was in the process of reviewing a request from Lebanon to revise its schedule. She noted that both Cleveland and Lebanon were preparing to submit requests for reimbursement, and that Dyersburg and Bell Buckle had already submitted their requests to the SRF loan program. She then reported that the Hamilton County Water and Wastewater Treatment Authority had planned to exhaust funds from its capitalization grant loan before requesting reimbursements from its SRF loan. In addition, Chattanooga and Humboldt were also supplemental loans and planned to exhaust funds from two other loans before drawing down on the accounts listed in the report. She stated that although the Jasper loan project was in compliance, it had encountered some issues with its contractor. The Town had indicated to the SRF loan program that it should be able to resolve the dispute by September of this year. She continued, saying that the City of Johnson City was in compliance, but that it was unsure of its path forward with funding for the project due to construction bids that came back higher than expected. The City would notify TDEC how it planned to proceed.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Wilson made a motion to adjourn, and Ms. Scott seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett— Aye

Mr. Wilson— Aye

Mr. Bradley— Aye

Ms. Scott—Aye

The meeting was adjourned.

Approved on this 25<sup>th</sup> day of June, 2020.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary

