

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

June 25, 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 on Thursday, June 25, 2020, at 3:15 p.m. via WebEx Events with certain members being physically present in the Volunteer Conference Center, Second Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable Justin P. Wilson, Comptroller of the Treasury
The Honorable David H. Lillard, Jr., State Treasurer (participated electronically)
Commissioner Butch Eley, Department of Finance and Administration
Dr. Kenneth L. Moore, House Appointee (participated electronically)

The following members were absent:

The Honorable Bill Lee, Governor
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. Eley—Present
Mr. Wilson—Present
Mr. Hargett—Present
Dr. Moore—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 held in the Video Conference Center, which is currently closed to the public, as well as 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 and electronic access 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. Hargett made a motion to approve the necessity pursuant to Executive Order 16 , and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Eley—Aye
Mr. Wilson— Aye
Mr. Hargett— Aye

Dr. Moore—Aye

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

Mr. Lillard joined the meeting at 3:48 p.m.

Mr. Hargett stated that the first item on the agenda was the approval of the minutes from the May 21, 2020, and June 9, 2020 TLDA meetings. Mr. Hargett made a motion to approve the minutes, and Mr. Wilson seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Eley—Aye
Mr. Wilson— Aye
Mr. Hargett— Aye
Mr. Lillard— Aye
Dr. Moore—Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was a request from the City of Memphis to issue United States Department of Agriculture (USDA) and Water Infrastructure Finance and Invocation Act Loan Program (WIFIA) Bonds in an amount not to exceed \$159,000,000 and Sewer System Revenue Bonds in an amount not to exceed \$124,000,000 senior to its State Revolving Fund (SRF) loans. He called upon Ms. Thompson to present the request. Ms. Thompson stated that The City of Memphis (the “City”) was requesting approval from the TLDA to modify the lien position of its existing SRF loan agreements to be subordinate to a proposed WIFIA Bond in an amount not to exceed \$159,000,000 and proposed Sewer System Revenue and Refunding Bonds, which would be issued simultaneously with the WIFIA Bonds, in amount not to exceed \$124,000,000. She stated that the request for subordination was due to the bonds being issued pursuant to the 1981 Bond Resolution or Master Resolution which stated that the City would not hereafter create or permit the creation of or issue any revenue bonds, notes, warrants or other obligations or create any additional indebtedness which rank on a parity with or have priority over the charge and lien on Revenues except that additional series of Bonds. She continued, saying that the request for approval was required by provisions set forth in the (SRF) loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*. Ms. Thompson noted that there was additional description/information in the meeting packets. She stated that approval of the request would allow the City to continue with the issuance of its bonds within the revenue bond program and take advantage of additional refunding opportunities. Ms. Thompson then stated that the City had a debt rating of Aa2 by Moody’s and AA+ by Standard and Poors (S&P). She further stated that it had a history of timely repayments on its outstanding SRF loans, had timely filed its FY2019 audit, and that it would have sufficient revenues with an operating income of \$35,500,000 reflected in its most recent financial statements. She noted that the City’s current and projected debt service coverage ratio either met or exceeded the 1.2 times requirement, and that the City was not under the jurisdiction of the Water and Wastewater Financing Board. Ms. Thompson concluded, saying that based on the analysis conducted by the OSLF, the City would have sufficient cash and revenues to meet its obligations, and it appeared to meet TLDA’s guidelines for approval to issue additional bonds with a senior lien position to its outstanding SRF loan agreements. Mr. Hargett acknowledged that Ms. Shirley Ford, Chief Financial Officer with the City, was in attendance of the meeting electronically. Ms. Ford then thanked the members for taking the time to review the City’s request, and stated that she also appreciated the input and support from the OSLF.

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

Mr. Eley—Aye
 Mr. Wilson— Aye
 Mr. Hargett— Aye
 Mr. Lillard—Aye
 Dr. Moore—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item was consideration and adoption of the Post-Issuance Compliance Procedures (PICP). He recognized Ms. Thompson to present the request. Ms. Thompson stated that staff was requesting consideration and adoption of the PICP manual. She stated that the State of Tennessee (the “State”) was an issuer of public securities, and in order to comply with certain requirements associated with being such an issuer, the State had established the PICP, which were also revised and updated periodically. Furthermore, she stated that such procedures ensure the State’s ongoing compliance with federal tax laws, continuing disclosure obligations, and bond covenants. She noted that the procedures had been circulated to board members and staff, and that it had been updated by the Comptroller’s office, reviewed by bond counsel, the AGs office, and the TLDA’s financial advisor. Ms. Thompson concluded, saying that staff was presenting the procedures to the board for consideration and adoption and that she would be happy to answer any questions.

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

Mr. Eley—Aye
 Mr. Wilson— Aye
 Mr. Hargett— Aye
 Mr. Lillard—Aye
 Dr. Moore—Aye

The motion was unanimously approved.

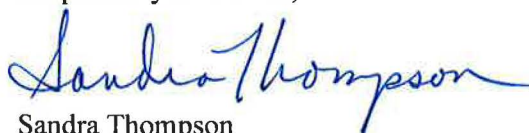
Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Wilson made a motion to adjourn, and Mr. Lillard seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Eley—Aye
 Mr. Wilson— Aye
 Mr. Hargett— Aye
 Mr. Lillard—Aye
 Dr. Moore—Aye

The meeting was adjourned.

Approved on this 20th day of July, 2020.

Respectfully submitted,


 Sandra Thompson
 Assistant Secretary