

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
September 21, 2020

Pursuant to the provisions of Executive Order 16, as amended by Executive Order 34, and further amended by Executive Order 60, the Tennessee Local Development Authority (the "Authority" or "TLDA") met on Monday, September 21, 2020, at 1:30 p.m. via WebEx Events with certain members being physically present in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee. Interested members of the public were only able to observe and listen to the meeting through electronic means. 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
Ms. Paige Brown, House Appointee (participated electronically)
Mr. Pat Wolfe, Senate Appointee (participated electronically)

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Hargett called the meeting to order, and asked Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance (DSGF) to conduct a roll-call:

Mr. Eley—Present
Mr. Wilson—Present
Mr. Hargett—Present
Ms. Brown—Present
Mr. Wolfe—Present
Mr. Lillard—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, (and as further amended by Executive Order No 60), 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 Executive Conference Room of the State Capitol, which is currently closed to the public, as well as conducted through WebEx Events, and have 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 asked for a motion to approve the necessity pursuant to Executive Order 16. Mr. Eley made a motion to approve, and Mr. Wolfe 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
 Ms. Brown—Aye
 Mr. Wolfe—Aye

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

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the July 20, 2020, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Mr. Eley 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
 Ms. Brown—Aye
 Mr. Wolfe—No response

By a vote of 5-0, the minutes were approved.

Mr. Hargett stated that the next item on the agenda was a report on the notification received from the City of Greenbrier 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 a notice from the City of Greenbrier stating that it planned to issue additional debt and that the notice was being submitted to comply with the *TLDA SRF Policy and Guidance for Borrowers*. She stated that the City would be obtaining a loan in the amount of \$400,000 for its wastewater system, and that the additional indebtedness, upon issuance, would have a subordinate lien position to its SRF loan agreements (which is why it was not required to seek approval from the TLDA to issue the debt). Mr. Hargett asked if there were any questions. Hearing none, and with no further action necessary, he moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was a request from the Hamilton County Water and Wastewater Treatment Authority (WWTA) to issue a Revenue Refunding Bond (Series 2020) in an amount not to exceed \$6,900,000 on parity with its State Revolving Fund (SRF) debt. He called upon Ms. Thompson to present the request. Ms. Thompson stated that the WWTA was requesting approval from the TLDA to issue a Revenue Refunding Bond (Series 2020) in an amount not to exceed \$6,900,000 on parity lien status with its outstanding SRF loans. She stated that the proceeds of the refunding debt would reduce debt service costs by current refunding certain or all maturities of the WWTA's Revenue Refunding Bond Series 2011, and that the Revenue Refunding Bond would also be secured by a pledge of the WWTA's revenues. Ms. Thompson reported that the WWTA's request stated that the refinancing would reduce interest costs and would not impair the TLDA's security under the SRF Loans. She explained that not granting the parity lien request would give rise to a higher interest rate on the Revenue Bonds (issuing the Revenue Bonds with a subordinate position to the SRF debt would render a lower credit rating from the rating agencies, which would result in a higher interest rate on the bonds) and likely make the refinancing for savings unattainable. She stated that the WWTA anticipated an interest savings of approximately \$519,726 or 7.78%, and that the resolution authorizing the issuance of the Series 2020 Bond would be presented to the WWTA's governing body on September 23, 2020. Ms. Thompson stated that the WWTA had a history of timely repayments on its current SRF loans, had submitted its audited financial statements in a timely manner, and its current and projected debt service coverage ratio either met or exceeded the 1.2 times requirement. She said the WWTA had a security deposit on file as well in the amount of \$1.3 million. She then noted that it was not currently under the

jurisdiction of the Utility Management Review Board (UMRB) or the Water and Wastewater Financing Board (WWFB). Ms. Thompson concluded, saying that based on analysis conducted by the DSGF, it appeared the WWTA would have sufficient cash and revenues to meet its obligations and would meet TLDA's guidelines for approval to issue the Series 2020 Bond on a parity lien with its outstanding SRF loans. Mr. Hargett asked if there were any questions. Mr. Wilson responded affirmatively, and asked Ms. Thompson if the refunding debt would increase the WWTA's indebtedness. Ms. Thompson confirmed that it would not. He then asked if the WWTA would be seeking an amount greater than it was refunding, and Ms. Thompson responded that it would not. Mr. Wilson then inquired if the Series 2020 Bond would extend the maturities. Ms. Thompson answered, saying that it would not extend maturities, and that that the new debt would be issued in the same footprint as the prior debt.

With no further questions, Mr. Hargett asked for a motion to approve. Mr. Wilson made a motion to approve, and Mr. Eley 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
 Ms. Brown—Aye
 Mr. Wolfe—No response

By a vote of 5-0, the motion was approved.

Mr. Hargett stated that the next item on the agenda was consideration of approval for a Clean Water State Revolving Fund (CWSRF) loan. He recognized Ms. Felicia Freeman, Environmental Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan request. Ms. Freeman first presented the unobligated fund balance. She stated the balance was \$43,634,737 as of July 20, 2020. Since that time, the unobligated balance had increased by \$85,926 with the return of previous (unused) funding from the cities of Oakland and Oak Ridge. Upon approval of the loan request to be presented totaling \$10,000,000, the remaining funds available for loan obligations would be \$33,720,663. She then described the CWSRF loan request.

- **Cleveland (SRF 2018-417-01)** Requesting \$10,000,000 for an infiltration and inflow correction (Sanitary Sewer Evaluation Survey of the sewer lines along East Keith Street, Sycamore Drive, and Eldridge Drive; and rehabilitation of the sewer lines in Sewer Basin 64-14A and in the surveyed areas); recommended interest rate of 0.73% based on the Ability to Pay Index (ATPI); Priority ranking 60 of 67 (FY 2017); Term: 20 years.

Mr. Hargett made a motion to approve the loan, 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
 Ms. Brown—Aye
 Mr. Wolfe—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of approval for a Drinking Water State Revolving Fund (DWSRF) loan. He called upon Ms. Freeman to present the loan request. Ms. Freeman first

reviewed the report of the unobligated fund balance, which as of July 20, 2020, was \$37,717,897. Upon approval of the loan request to be presented in the amount of \$800,000, the remaining funds available for loan obligations would be \$36,917,897. She then described the DWSRF loan request.

- **Woodbury (DW7 2020-220)** Requesting \$800,000 (\$640,000 (80%) loan; \$160,000 (20%) principal forgiveness) for a new water storage tank WST (Construction of a new 0.75 million gallon (MG) WST adjacent to existing Parker Hill WST) ; recommended interest rate of 0.34% based on the ATPI; priority ranking 5 of 21 (FY 2018); Term: 20 years.

Mr. Hargett inquired if there was any discussion. Hearing none, he made a motion to approve the loan, 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
 Ms. Brown—Aye
 Mr. Wolfe—Aye

The motion was unanimously approved.

Hearing no other business, Mr. Hargett adjourned the meeting. He called upon Ms. Thompson to conduct a roll-call vote:

Mr. Eley— Aye
 Mr. Wilson— Aye
 Mr. Hargett—Aye
 Mr. Lillard—Aye
 Ms. Brown—Aye
 Mr. Wolfe--Aye

The meeting was adjourned.

Approved on this 19th day of October, 2020.

Respectfully submitted,



Sandra Thompson
 Assistant Secretary