TENNESSEE LOCAL DEVELOPMENT AUTHORITY
October 19, 2022

The Tennessee Local Development Authority (the "TLDA") met on Wednesday, October 19, 2022, at 1:15 p.m. 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 Jason E. Mumpower, Comptroller of the Treasury
Jamie Wayman, Proxy for the Honorable David H. Lillard, Jr., State Treasurer
Commissioner Jim Bryson, Department of Finance and Administration
Mayor Paige Brown, House Appointee

The following member was absent:[i]

The Honorable Bill Lee, Governor

Recognizing a quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the July 26, 2022, TLDA meeting. Mr. Mumpower made a motion to approve the minutes, and Mr. Bryson seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion carried, and the minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was the consideration of a request from the City of Chattanooga (the "City") to issue a United States Environmental Protection Agency (the "EPA") Water Infrastructure Finance and Innovation Act (WIFIA) loan in an amount not to exceed $186,000,000[ii] on parity with its outstanding SRF loan agreements. He recognized Ms. Thompson, TLDA Assistant Secretary, and the Director of the Division of State Government Finance (DSGF), to present the request. Ms. Thompson stated that the City requested approval from the TLDA to issue an EPA WIFIA loan in the amount of $186,000,000 on parity with its outstanding SRF loan agreements. She stated that the request for approval was required by the provisions set forth in the SRF loan agreements and guidelines set forth in the TLDA/SRF Policy and Guidance for Borrowers. Ms. Thompson explained that WIFIA loans were allowed to cover up to 49% of project cost, and supported projects were required to be co-financed with another funding source. She stated that the City's $186,000,000 WIFIA loan represented 49% of project funding, and the City planned to fund the remaining 51% with SRF loans and cash. Ms. Thompson reported that the loan would be a new money issuance secured by the water and wastewater project revenues. She noted that the City was AA-rated by Standard and Poor's, had timely repayments on its current SRF loans, and that its debt service coverage ratio had met or exceeded the 1.2 times requirement. She stated that the City was not under the jurisdiction of the Utility Management Review Board or the Water and Wastewater Financing Board. Ms. Thompson noted that the City had filed its FY2021 audit report late. Furthermore, she stated that the meeting materials included a letter indicating the City's reasons for filing a late audit. She stated that based on the analysis conducted by the DSGF, the City would have sufficient revenues to meet its obligations, and it appeared to meet the TLDA's criteria to issue the EPA WIFIA loan on parity with its SRF loans. Therefore, she stated that staff recommended approval of the request. Mr. Hargett inquired if there were any questions. Hearing none, Mr. Mumpower motioned to approve the request, and Mr. Bryson seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion carried, and the request was unanimously approved.

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[i] Mayor Gary Cordell's term expired on October 1, 2022. At the time of this meeting, a new appointment had not been made.
[ii] On November 11, 2022, the City's financial advisor notified TLDA staff the not to exceed amount should have been $186,080,000 but had been submitted as "approximately $186 million" in the City's request letter. Staff will recommend the TLDA make a retroactive approval to reflect to correct amount of the WIFIA loan at its November 28, 2022, meeting.

Mr. Hargett stated that the next item on the agenda was the consideration and approval of a Clean Water State Revolving Fund (CWSRF) loan request. He recognized Mr. Adeniyi Bakare, SRF Program Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan request. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. He stated the unobligated fund balance was $126,149,682 as of July 26, 2022. Since that time, the unobligated balance had increased by $71,181,128 with the return of previous (unused) funding from the City of Goodlettsville, interest repayments, principal repayments, and treasury interest for the fiscal year of 2022. Upon approval of the loan request to be presented totaling $15,000,000, the remaining funds available for loan obligations would be $182,330,810. He then presented the CWSRF loan request.

- **Lakeland (SRF 2022-476)** Requesting $15,000,000 for a new interceptor (Replacing the existing Clear Creek interceptor with a new interceptor); recommended interest rate of 2.78% based on the Ability to Pay Index (ATPI); Priority ranking 25 of 83 (FY2019); Term: 20 years

Mr. Hargett inquired if there was any discussion. Hearing none, Mr. Bryson made a motion to approve the loans, and Mr. Mumpower seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion carried, and 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) 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. He called upon Mr. Bakare to present the loan requests. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. He stated the unobligated fund balance was $58,077,053 as of July 26, 2022. Since that time, the unobligated amount had increased by $12,782,614 with the return of previous (unused) funding from the Town of Smyrna, interest repayments, principal repayments, and treasury interest for fiscal year 2022. Upon approval of the loan requests to be presented totaling $3,470,000, the remaining funds available for loan obligations would be $67,389,667. He then presented the DWSRF loan requests.

- **Elizabethton (DG20 2022-252)** Requesting $1,350,000 for a green – waterline replacement (Replacing the existing 12-inch and 16-inch diameter cast iron Doe River transmission lines adjacent to Highway 19E Bridge in the Valley Gorge Community to provide resiliency against severe flooding); recommended interest rate of 1.19% based on the ATPI; Priority ranking 44 of 48 (FY2020); Term: 20 years

- **Kingsport (DG8 2022-249)** Requesting $1,300,000 for a green – water meter replacement (Installation of AMI meters city wide); recommended interest rate of 1.06% based on the ATPI; Priority ranking 38 of 48 (FY2020); Term: 20 years

- **Lafollette (DW9 2023-255)** Requesting $170,000 ($85,000 (50%) loan; $85,000 (50%) principal forgiveness) for waterline replacement (Replacing approximately 13,300 linear feet of 6-inch diameter waterlines with 12-inch diameter waterlines to provide better pressure in the downtown area) Planning and design; recommended interest rate of 0.66% based on the ATPI; Priority ranking 49 of 72 (FY2021); Term: 5 years

- **Trenton (DW8 2022-245)** Requesting $650,000 ($520,000 (80%) loan; $130,000 (20%) principal forgiveness) for a distribution system extension (Installation of waterlines to eliminate dead-end waterlines on S College Street, Highway 45 Bypass, Highway 457 Bypass, and W Eaton Street to improve the flow of water and reduce water waste; recommended interest rate of 1.82% based on the ATPI; Priority ranking 46 of 48 (FY2020); Term: 20 years

Mr. Hargett inquired if there was any discussion. Hearing none, he made a motion to approve the loans, and Mr. Wayman seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion carried, and the loans were unanimously approved.

Hearing no other business, Mr. Hargett stated that Comptroller Mumpower had reminded him that Mayor Cordell had retired and that his service to the TLDA had ended. He asked that the minutes reflect the TLDA's appreciation of his service. He also requested that the minutes reflect that the TLDA wished Mayor Brown well in the upcoming election. Mr. Hargett then stated that he would entertain a motion to adjourn. Mr. Mumpower made a motion to adjourn, and Mr. Bryson seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion carried, and the meeting was adjourned.

Approved on this 28th day of November, 2022.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary