

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
November 29, 2023

The Tennessee Local Development Authority (the "TLDA") met on Wednesday, November 29, 2023, at 3:03 p.m. in the Volunteer Conference Center, 2nd 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 David H. Lillard, Jr., State Treasurer
 Commissioner Jim Bryson, Department of Finance and Administration
 Mayor Rollen "Buddy" Bradshaw, Senate Appointee

The following member participated electronically as authorized by Tennessee Code Annotated § 8-44-108:

Mayor Paige Brown, House Appointee

The following members were absent:

The Honorable Bill Lee, Governor
 The Honorable Jason E. Mumpower, Comptroller of the Treasury

Recognizing a physical quorum present, Secretary Hargett called the meeting to order. Secretary Hargett, in accordance with Public Chapter 300 and Board guidelines, asked Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance ("SGF"), if any requests for public comment had been received. Ms. Thompson responded that no requests for public comment had been received. Secretary Hargett asked Ms. Thompson to conduct a roll-call:

Treasurer Lillard—Present
 Secretary Hargett—Present
 Commissioner Bryson—Present
 Mayor Bradshaw—Present
 Mayor Brown—Present

Secretary Hargett stated that Comptroller Emeritus Justin P. Wilson was present in an advisory capacity.

Secretary Hargett stated that the first item on the agenda was approval of the minutes from the October 9, 2023, TLDA meeting. He inquired if there were any questions or comments. Hearing none, Commissioner Bryson motioned to approve the minutes, and Treasurer Lillard seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote.

Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—Aye

The minutes were unanimously approved.

Secretary Hargett stated that the next item on the agenda was the consideration of approval for an amendment to the financial advisor contract with PFM Financial Advisors, LLC. He stated that Ms. Thompson had explained the amendment in the previous State Funding Board and Tennessee State School Bond Authority meetings. Secretary Hargett stated that staff was satisfied with the financial advisor and recommended that the TLDA approve an amendment to extend the contract an additional year. He asked Ms. Thompson if that was correct, and she responded

affirmatively. Secretary Hargett stated that the Chair would entertain a motion to approve the amendment. Treasurer Lillard moved to approve the amendment, and Commissioner Bryson seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote:

Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—Aye

The amendment was unanimously approved.

Secretary Hargett stated that the next item on the agenda was the consideration and approval of Drinking Water State Revolving Fund (DWSRF) loans and said that, unless there were any objections, the TLDA would hear all the loan requests prior to asking for a motion to approve. Hearing none, he recognized Ms. Vena Jones, Program Manager, Tennessee Department of Environment and Conservation (“TDEC”) Division of Water Resources, to present the loan requests. Ms. Jones first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. She stated the unobligated fund balance was \$98,273,313 as of August 21, 2023. Since that time, the unobligated had increased by \$14,738 with the return of unused funding from the City of Huntingdon. Upon approval of the loan requests to be presented totaling \$24,252,750, the remaining funds available for loan obligations would be \$74,035,301. Secretary Hargett inquired if there were any questions about the fund balance, and Commissioner Bryson responded affirmatively. Commissioner Bryson asked Ms. Jones why Fayetteville had a high maximum annual debt service (MADS) percentage compared to other cities. Ms. Jones said the City’s MADS was shown as a percentage of its state-shared taxes (SSTs). However, she stated that during TDEC’s financial sufficiency review, SRF staff ensured that the City’s rates generated enough revenue to cover its debt service, instead of relying on its SSTs, which are pledged as an additional security. Commissioner Bryson asked if TDEC felt comfortable when looking at Fayetteville’s revenues directly, and Ms. Jones responded affirmatively. She elaborated that during its financial sufficiency review, TDEC factored in depreciation, revenues, costs, and expenses to determine that an applicant was financially sufficient to cover its debt service. Ms. Jones stated that TDEC was confident in the City’s ability to repay its SRF loan even though its MADS exceeded its SSTs. Commissioner Bryson thanked Ms. Jones for the information. Secretary Hargett then inquired if there were any further questions. Hearing none, he asked Ms. Jones to present the DWSRF loan requests.

- **Huntingdon (DG20 2024-262)** Requesting \$2,000,000 (\$1,600,000 (80%) loan; \$400,000 (20%) principal forgiveness) for a Green: Distribution system improvements; replacing existing waterlines on Main Street; extending waterlines to customers along Highway 77; and replacing existing water meters with automatic meter reading (AMR) meters; recommended interest rate of 1.54% based on the Ability to Pay Index (ATPI); Priority ranking 7 of 72 (FY2021); Term: 20 years
- **Fayetteville (DW8 2024-260)** Requesting \$800,000 (\$550,000 (68.75%) loan; \$250,000 (31.25%) principal forgiveness) for a water treatment plant (WTP) expansion: Expansion of the existing WTP from 4.5 million gallons per day (MGD) to 8 MGD; This is a planning and design loan; recommended interest rate of 2.10% based on the ATPI; Priority ranking 82 of 143 (FY2022); Term: 5 years
- **Fayetteville (DWB22 2024-263)** Requesting \$15,200,000 (\$7,700,000 (50.66%) loan; \$7,500,000 (49.34%) principal forgiveness) for a waterline replacement: Replacement of approximately 83,000 linear feet of aging waterlines to improve pressure and reduce water loss; Construction; recommended interest rate of 2.30% based on the ATPI; Priority ranking 56 of 143 (FY2022); Term: 20 years
- **Fayetteville (DWB22 2024-264)** Requesting \$1,800,000 (\$540,000 (30%) loan; \$1,260,000 (70%) principal forgiveness) for WTP improvements: Improvements to the solids management facilities and disinfection by product control; and the demolition of the existing WTP; Construction; recommended interest rate of 2.30% based on the ATPI; Priority ranking 83 of 143 (FY2022); Term: 20 years

- **Etowah (DW9 2024-261)** Requesting \$525,000 (275,000 (52.38%) loan; \$250,000 (47.62%) principal forgiveness for WTP expansion and distribution system improvements: Expansion of the existing WTP from 4.2 MGD to 8 MGD and the construction of a new 3.2 MGD booster pump station to replace the existing West 5th Street pump station; This is a planning and design loan; recommended interest rate of 1.78% based on the ATPI; Priority ranking 112 of 143 (FY2022); Term: 5 years
- **Cleveland Utilities Authority (DWF 2023-258)** Requesting \$3,927,750 for WTP improvements: Construction of a sodium hypochlorite feed system to replace the existing chlorine feed system at the Cleveland Filter Plant; recommended interest rate of 3.88% based on the ATPI; Priority ranking 63 of 143 (FY2022); Term: 20 years

Secretary Hargett inquired if there were any questions or comments. Hearing none, he motioned to approve the loans, and Treasurer Lillard seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote:

Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—No response

The loans were approved.

Hearing no other business, Secretary Hargett moved to adjourn the meeting. Treasurer Lillard seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll-call vote:

Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—No response

The meeting was adjourned.

Approved on this 14th day of December 2023.

Respectfully submitted,



Sandra Thompson
 Assistant Secretary

