

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
June 23, 2025

The Tennessee Local Development Authority (TLDA) met on Monday, June 23, 2025, at 2:29 p.m., CT, in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. Secretary of State Tre Hargett was present and presided over the meeting.

The following members were also present:

The Honorable Jason E. Mumpower, Comptroller of the Treasury
 The Honorable David H. Lillard, Jr., State Treasurer
 Angela Scott, proxy for Commissioner Jim Bryson, Department of Finance and Administration
 Mayor Paige Brown, House Appointee

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

Mayor Rollen "Buddy" Bradshaw, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Secretary Hargett called the meeting to order and asked Ms. Thompson to conduct a roll call:

Ms. Scott—Present
 Secretary Hargett—Present
 Comptroller Mumpower—Present
 Treasurer Lillard—Present
 Mayor Brown—Present
 Mayor Bradshaw—Present

Secretary Hargett, in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines, asked Ms. Sandra 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 stated that the first item of business was approval of the minutes from the May 19, 2025, TLDA meeting. Comptroller Mumpower moved approval of the minutes, and Treasurer Lillard seconded the motion. Secretary Hargett asked if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
 Secretary Hargett—Aye
 Comptroller Mumpower—Aye
 Treasurer Lillard—Aye
 Mayor Brown—Aye
 Mayor Bradshaw--Aye

The minutes were unanimously approved.

Secretary Hargett stated that the next item on the agenda was the consideration and approval of Clean Water State Revolving Fund (CWSRF) loans. Secretary Hargett recognized Ms. Vena Jones, Program Manager at the Tennessee Department of Environment and Conservation (TDEC), to present the CWSRF unobligated balance report and two

loan requests. Secretary Hargett stated that without objection the TLDA would hear both loan requests and then vote on the items simultaneously. There were no objections. Ms. Jones presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She reported that, as of May 19, 2025, the Unobligated Fund balance was \$245,327,242. Upon approval of the two loan requests totaling \$18,606,835, the remaining funds available for loan obligations in the standard CWSRF would be \$226,720,407. Additionally, Ms. Jones reported that as of May 19, 2025, the Unobligated Emerging Contaminants fund balance was \$1,358,000. Secretary Hargett asked if there were any questions on the report, and there were none. Ms. Jones then presented the CWSRF loan requests.

- **Brownsville Energy Authority (CWB23 2025-495)** Requesting \$17,000,000.00 (\$12,000,300.00 (70.59%) loan, \$4,999,700.00 (29.41%) principal forgiveness), for a new wastewater treatment plant: construction of a new 2.0 million gallon per day sequencing batch reactor to replace the existing trickling filter plant; recommended interest rate of 1.32% based on the Ability to Pay Index (ATPI); Priority ranking 39 of 57 (2023); Term: 20 years
- **Parsons (CWB22 2025-490)** Requesting \$1,606,835.00 (\$803,417.50 (50%) loan, \$803,417.50 (50%) principal forgiveness), for a collection system relocation: installation of approximately 1,500 linear feet of 12-inch diameter interceptor sewer, two manholes, and a lift station from W 4th Street to Gum Avenue and connecting to an existing force main at Coley Avenue; recommended interest rate of 1.32% based on the ATPI; Priority ranking 26 of 104 (2022); Term: 20 years

Ms. Scott made a motion to approve the loan requests. Comptroller Mumpower seconded the motion. Secretary Hargett asked if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
 Secretary Hargett—Aye
 Comptroller Mumpower—Aye
 Treasurer Lillard—Aye
 Mayor Brown—Aye
 Mayor Bradshaw—Aye

The loan requests were unanimously approved.

Secretary Hargett stated that the next item on the agenda was consideration and approval of requests from the Ocoee Utility District (the "District"). He recognized Ms. Thompson to present the requests. Ms. Thompson stated that to comply with its SRF loan agreements and the *Tennessee Local Development Authority State Revolving Fund Policy & Guidance for Borrowers* (the "Policy & Guidance"), the District had submitted a request to the TLDA for approval to issue additional debt. She explained that the proposed debt would finance the replacement of aging infrastructure and the construction of a new wastewater treatment plant that would consolidate its decentralized facilities and expand treatment capacity. She stated that these projects were critical and necessary to comply with Environmental Protection Agency (EPA) requirements and address concerns of the Tennessee Board of Utility Regulation (TBOUR). Ms. Thompson noted that the District's request had multiple parts for the TLDA's consideration and approval. She explained that first, the District sought to issue United States Department of Agriculture (USDA) Bond Anticipation Notes (the "BANs") in an amount not to exceed \$37,500,000, that would subsequently be refinanced with USDA Bonds (the "USDA Bonds") in the same amount. She explained that the BANs would provide interim financing for the USDA Bonds and noted that the BANs and USDA Bonds would not be outstanding simultaneously. She also mentioned that the USDA Bonds would include a \$5,000,000 grant. Ms. Thompson stated that the District additionally requested to issue Water and Wastewater Revenue Improvement Bonds (the "Revenue Bonds") in an amount not to exceed \$25,000,000. Ms. Thompson stated that the District requested approval to issue the USDA BANs, USDA Bonds, and the Revenue Bonds on parity with its SRF loans outstanding. Ms. Thompson stated that based on the review conducted by the SGF in consultation with the Comptroller's Division of Local Government Finance (LGF) and the Attorney General's Office, the District would meet the TLDA's requirements to issue additional debt and modify lien position with the following exceptions: the District had failed to timely file its audited financial statements and was under the jurisdiction of the Tennessee

Board of Utility Regulation (TBOUR) for financial distress. Ms. Thompson explained that the District's SRF loan agreements prohibit the issuance of additional debt in the event the audit was filed late. She stated that the District had included an explanation letter and had requested that the TLDA waive this requirement to allow for the issuance of the proposed debt. Ms. Thompson also explained that a rate study had been performed by an independent firm, in accordance with TBOUR's order, that concluded rate increases were warranted. She stated that the District subsequently adopted a resolution to implement rate increases that were factored into the financial projections submitted with its request to the TLDA. Ms. Thompson noted that the District had until December 31, 2025, to provide additional information to TBOUR as outlined in TBOUR's order. Ms. Thompson then stated that based on the analysis conducted by SGF and the expectation of compliance with TBOUR's order, staff recommended the TLDA waive the audit filing enforcement and approve the issuance of the BANs, the USDA Bonds, and the Revenue Bonds on parity with the District's outstanding SRF loans. However, she stated that she had some additional information to share with the TLDA members. She stated that LGF had been requested to issue a report on the proposed \$25,000,000 in debt, however, the report had not been issued because of questions related to fees of \$375,000 reported for the District's municipal advisor in connection with the proposed debt. She stated that the LGF had also been made aware of an additional estimated \$612,000 in municipal advisory fees related to the BANs. She further elaborated on the significant fee concerns, stating that they represented 1.5% or \$15 per \$1,000 in bonds plus additional add-ons specified in the advisor agreement that were substantially higher than those typically associated with similar state reported transactions. Secretary Hargett asked for a fee comparison, and Ms. Thompson responded that the Tennessee State School Bond Authority's financial advisor charged a fee of \$0.15 per \$1,000 in bonds for its recent \$218,000,000 debt issuance. Secretary Hargett inquired if there were any questions or comments regarding the recommendation and additional information. Comptroller Mumpower responded affirmatively. Comptroller Mumpower recognized Larry Kidwell, President of Kidwell and Company and the District's Municipal Advisor, and the District's Bond Counsel, Pat Alexander with the Bradley Law Firm. Comptroller Mumpower inquired if the fees were solely related to the cost of issuing this specific deal or if they included other fees. He also asked if all fees and their calculation methods would meet the strict scrutiny of MSRB rules and standards. He specifically questioned the philosophy behind the fees for USDA issuance. A discussion ensued regarding the fees associated with the bond issuance during which Mr. Kidwell stated that to his knowledge, the fees being discussed were solely municipal advisor fees, included as part of the cost of issuance. He explained that their firm prioritized "excellence in service" to achieve high credit quality for clients and help with lower cost bond pricing, asserting that the value produced by their services could offset their fees. Mr. Kidwell stated that he had a strong awareness of MSRB rules and asserted that they would not request or charge a fee they believed was too high or not in the client's best interest. Regarding USDA issuance fees, he noted that USDA projects could have longer lead times and require interim funding, and that their contracted fee of 1.5% had remained consistent for 15 years. Comptroller Mumpower asked Mr. Alexander if the fee structure was in alignment with MSRB rules and standards. Mr. Alexander stated that this was his first engagement as bond counsel for the District, and the specific question regarding the cost of services was not brought to his attention until the meeting. He stated that in his role as bond counsel, he would not provide opinions on whether MSRB rules were being satisfied.

Comptroller Mumpower stated that he did not have any further questions and that he would have a motion later. Secretary Hargett asked if there were any other questions or discussion. Treasurer Lillard responded affirmatively and stated that he had known Mr. Kidwell to be a good practitioner of the profession of financial advisor. He further stated that Mr. Alexander's firm's reputation preceded him. Treasurer Lillard suggested a deeper discussion with the Comptroller's office staff about the financial details of the bond issue, indicating a need for an understanding of the costs and value. Secretary Hargett recognized Mayor Brown. Mayor Brown expressed a desire for assurance from the District's board or management that they fully understood the fees in comparison to typical costs, particularly for the USDA portion. Secretary Hargett recognized Mayor Bradshaw. Mayor Bradshaw noted that the S&P credit rating report indicated there was a one-in-three chance that rising fixed costs could result in diminished financial capacity (due to the large amount of debt outstanding) that would no longer be consistent with the current rating. He expressed a desire for more information and to speak directly with the District's board due to the significant amount of money involved and the potential impact of rate increases on the residents. Secretary Hargett recognized Comptroller Mumpower to make a motion. Comptroller Mumpower motioned to defer consideration of this item to the next meeting and asked that Comptroller and TLDA staff work with Mr. Kidwell and Mr. Alexander to address the TLDA's concerns. He also requested that the District's board chairman and manager be in physical attendance at that meeting. Secretary Hargett then summarized the motion stating that the TLDA would defer

consideration of the item to the next meeting, requested Comptroller and TLDA staff work together with the municipal advisor and bond counsel to gather more information, and that the District's board chairman and manager be physically present at the next meeting. Comptroller Mumpower responded affirmatively. Secretary Hargett then seconded the motion. Secretary Hargett asked if there was further discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
 Secretary Hargett—Aye
 Comptroller Mumpower—Aye
 Treasurer Lillard—Aye
 Mayor Brown—Aye
 Mayor Bradshaw--Aye

The motion to defer the item to the next meeting was unanimously approved.

Secretary Hargett stated that the next item of business was the report on the notification from the City of Portland submitted to comply with *Policy and Guidance*. Secretary Hargett recognized Ms. Thompson to present the report. Ms. Thompson explained that pursuant to the *Policy and Guidance*, Portland was required to notify the TLDA of its intent to incur debt. She reported that Portland planned to issue a Water and Sewer System Revenue and Tax Capital Outlay Note, Series 2025 in an amount not to exceed \$757,000. She stated that the notes would be issued with a lien position subordinate to its outstanding SRF loans. Secretary Hargett stated that this was a non-voting item.

Secretary Hargett stated that the next item on the agenda was consideration and approval of the Tennessee Local Development Authority's Debt Management Policy (the "Policy"). He recognized Ms. Thompson to present the request. Ms. Thompson stated that SGF staff had reviewed the Policy as it was required to on at least an annual basis. She stated that non-substantive changes were recommended for approval. Secretary Hargett moved approval of changes made to the Policy, and Ms. Scott seconded the motion. Secretary Hargett asked if there was any discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
 Secretary Hargett—Aye
 Comptroller Mumpower—Aye
 Treasurer Lillard—Aye
 Mayor Brown—Aye
 Mayor Bradshaw--Aye

The Policy as updated was unanimously approved.

Hearing no further business, Secretary Hargett asked for a motion to adjourn the meeting. Ms. Scott motioned to adjourn the meeting, and Mayor Brown seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll call vote:

Ms. Scott—Aye
 Secretary Hargett—Aye
 Comptroller Mumpower—Aye
 Treasurer Lillard—Aye
 Mayor Brown—Aye
 Mayor Bradshaw--Aye

The meeting was adjourned.

Approved on this 21st day of July 2025.

Respectfully submitted,



Sandra Thompson
Assistant Secretary