

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
March 8, 2019

The Tennessee Local Development Authority (the Authority or TLDA) met on Friday, March 8, 2019, at 1:30 p.m. in House Hearing Room V, 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 Wilson, Comptroller of the Treasury
 Joy Harris, Proxy for the Honorable David Lillard, State Treasurer
 Angela Scott, Proxy for Commissioner Stuart McWhorter, Department of Finance and Administration

The following members participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and included in the meeting notice:

Dr. Kenneth Moore, House Appointee
 Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order, and then proceeded to perform a roll call:

Dr. Moore—Present
 Mr. Wolfe—Present
 Ms. Scott—Present
 Mr. Wilson—Present
 Ms. Harris—Present
 Mr. Hargett—Present

Mr. Hargett asked for a motion to approve the minutes of the February 8, 2019, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Ms. Harris seconded the motion. Mr. Hargett performed a roll-call vote:

Dr. Moore—Aye
 Mr. Wolfe— Aye
 Ms. Scott—Aye
 Mr. Wilson— Aye
 Ms. Harris— Aye
 Mr. Hargett— Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item of business was consideration of approval for Clean Water State Revolving Fund (CWSRF) loans. He asked Ms. Leslie Gillespie-Marthaler, Director of State Revolving Fund (SRF) for the Tennessee Department of Environment and Conservation (TDEC) to present the loan requests. Ms. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was \$54,685,083 as of February 8, 2019. The balance increased a total of \$10,737 due to a loan decrease with a final balance of \$54,695,820. Upon approval of the loan requests to be presented totaling \$3,130,000, the funds available for loan obligations would be \$51,565,820. She then described the loan requests.

- **Smyrna (CG7 2019-423)** Requesting \$3,000,000 (\$2,700,000 (90%) loan; \$300,000 (10%) principal forgiveness) for waste water treatment plant expansion (Expansion of the existing wastewater treatment plant from 5.85 million-gallon-per-day (MGD) to 9.0 MGD); recommended interest rate of 1.71% based on the Ability to Pay Index (ATPI); Priority ranking 11 of 67.

Mr. Hargett made a motion to approve the loan, and Mr. Wilson seconded the motion. Mr. Hargett performed a roll-call vote:

Dr. Moore—Aye
Mr. Wolfe—Aye
Ms. Scott—Aye
Mr. Wilson—Aye
Ms. Harris—Aye
Mr. Hargett—Aye

The motion was unanimously approved.

- **Lewisburg (SRF 2017-390)** Requesting \$205,000 (\$75,000 Approved 3/13/18; \$130,000 Increase) for waste water treatment plant improvements. Advanced treatment (Construction of a chemical feed building); recommended interest rate of 1.05% based on the ATPI; Priority ranking 4 of 50. Audit report filed late.

Ms. Gillespie-Marthaler stated that the previous company hired to conduct Lewisburg's audit consistently filed late. She further stated that Lewisburg now had a new company conducting its audits, and although there was a delay in transferring audit data from the previous firm, it does not anticipate future late filings. Mr. Wilson inquired if TDEC was satisfied with Lewisburg's effort to file its audit on time. Ms. Gillespie-Marthaler answered affirmatively and said that it does not foresee additional late filings.

Mr. Hargett made a motion to approve the loan, and Mr. Wilson seconded the motion. Mr. Hargett performed a roll-call vote:

Dr. Moore—Aye
Mr. Wolfe—Aye
Ms. Scott—Aye
Mr. Wilson—Aye
Ms. Harris—Aye
Mr. Hargett—Aye

The motion was unanimously approved.

Mr. Hargett stated that the last item on the agenda would be TDEC's report on the SRF priority ranking lists (PRLs) and funding process. He recognized Ms. Gillespie-Marthaler to present the information. Ms. Gillespie-Marthaler stated that in response to the Authority's request from the previous TLDA meeting, she would give a status update on the remaining projects listed on the clean water and drinking water PRLs. She reported that since the last PRL solicitation period, a member of the SRF loan program's staff had called the entities listed to inquire about their interest in pursuing SRF funding. She then proceeded to list the results, which were noted in the executive summary and included with the meeting materials. Ms. Gillespie-Marthaler told the Authority that other than the information already provided, TDEC did not have further details as to reasons why some of the applicants chose not to proceed. She continued by saying that historically, the reasons have included (1) timing, meaning the entity was not ready to proceed with construction, (2) in general, entities preferred to obtain grants as opposed to loans, (3) the entity had determined that the proposed project was unnecessary, or (4) lack of knowledge about what the SRF program had to offer and/or preconceived notions regarding affordability. To address this, she said that TDEC had changed its approach to marketing and public outreach. Plans included attending more conferences as speakers and/or vendors, visiting communities, providing education about the SRF program, and improve how technical assistance was

provided to help communities with water/wastewater infrastructure needs. Additionally, she explained that the SRF loan program had changed the way it solicits requests for inclusion of projects on the PRLs. The SRF solicitation notices were now transmitted electronically, and as a result, both drinking water and clean water requests had increased. Ms. Gillespie-Marthaler noted that the deadline for applicants to have submitted a letter of request to be included on the FY2019 PRLs (February 22, 2019) had passed, but additional solicitation for the DWSRF PRL would open in August 2019. She then explained how TDEC worked through the PRL by saying that the projects were evaluated and prioritized according to the severity of the situation using specific scoring criterion, which can be found in TDEC's Intended Use Plan. The SRF projects were then funded based on the highest number of priority points, however, projects "ready to proceed" were given first priority. Ms. Gillespie-Marthaler advised the TLDA that based on what TDEC could obligate, work was completed as expedient as possible. She noted that TDEC would provide future SRF updates at the Authority's request.

Mr. Hargett and Mr. Wilson agreed that TDEC's update was thorough, and Mr. Hargett stated that this update provided the Authority with more data than it had received in the past. He also complimented TDEC's hard work in educating the communities about the SRF program. Ms. Harris added to that by saying TDEC's approach and solicitation of the SRF program was both excellent and appreciated. Mr. Hargett then inquired if Dr. Moore or Mr. Wolfe had any questions or comments, to which both replied that TDEC's update provided good information. Mr. Hargett agreed, and stated that the Authority looked forward to hearing future reports. No action was required.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Wilson made a motion to adjourn, and Ms. Harris seconded the motion. Mr. Hargett performed a roll-call vote:

Ms. Harris—Aye
 Mr. Hargett—Aye
 Mr. Wilson—Aye
 Ms. Scott—Aye
 Dr. Moore—Aye
 Mr. Wolfe—Aye

The meeting was adjourned.

Approved on this 9th day of May, 2019.

Respectfully submitted,



Sandra Thompson
 Assistant Secretary