

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
February 17, 2021

The Tennessee Local Development Authority (the "TLDA") met on Wednesday, February 17, at 11:20 a.m. via Webex Events. 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 Jason E. Mumpower, Comptroller of the Treasury (participated electronically)
 The Honorable David H. Lillard, Jr., State Treasurer (participated electronically)
 Commissioner Butch Eley, Department of Finance and Administration (participated electronically)

The following members were absent:

The Honorable Bill Lee, Governor
 Ms. Paige Brown, House Appointee
 Mr. Pat Wolfe, Senate Appointee

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. Hargett—Present
 Mr. Eley—Present
 Mr. Mumpower—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 Nos. 34, 51, 60, 65 and further amended by Executive Order No. 71, 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, Ground Floor, of the State Capitol,¹ which is currently closed to the public, as well as conducted through Webex Events and 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 safeguards have been taken."

Mr. Hargett made a motion to approve the necessity pursuant to Executive Order 16, and Mr. Eley seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye
 Mr. Eley—Aye
 Mr. Mumpower—Aye
 Mr. Lillard—Aye

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

¹ Due incimate weather, the meeting was conducted solely via Webex Events.

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the January 25, 2021, TLDA meeting. Mr. Hargett asked for a motion to approve the minutes. Mr. Mumpower made a motion to approve the minutes, and Mr. Lillard seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye
 Mr. Eley— Aye
 Mr. Mumpower— Aye
 Mr. Lillard—Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of Clean Water State Revolving Fund (CWSRF) loans and stated that, unless there was any objection, the TLDA would hear the two loan requests prior to asking for a motion to approve. Hearing none, he recognized Mr. Adeniyi Bakare, SRF Program Manager for the Tennessee Department of Environment and Conservation (TDEC), to present the loan requests. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. He stated the unobligated fund balance was \$65,274,973 as of January 25, 2021. Upon approval of the loan requests to be presented totaling \$15,275,000, the remaining funds available for loan obligations would be \$49,999,973. He then described the CWSRF loan requests.

- **Brownsville Energy Authority (SRF 2021-452)** Requesting \$275,000 for Water and Wastewater Treatment Plant (WWTP) improvements and infiltration and inflow correction planning and design loan (replace the aeration system at the Lagoon Treatment Facility; replace the sludge dewatering system, the influent, submersible, and effluent pumps; electrical improvements; install emergency power at the Trickling Filter Plant; and the rehabilitation of approximately 7,500 linear feet (LF) of gravity sewer line and 30 manholes); recommended interest rate of 0.06% based on the Ability to Pay Index (ATPI); Priority ranking 4, 27, and 54 of 64 (FY 2020); Term 5 years
- **Memphis (SRF 2021-451)** Requesting \$15,000,000 for an infiltration and inflow correction (Group 2 cured in place pipe (CIPP)/Group 2 relay to include pre-cleaning; rehabilitation of approximately 35,000 LF of 8-inch through 24-inch diameter sewer lines by methods of CIPP; point repairs; manhole rehabilitation; and replacing approximately 20,000 LF of 8-inch to 12-inch diameter sewer lines); recommended interest rate of 0.61% based on the ATPI; Priority ranking 35, 36 of 83 (FY2019); Term 20 years.

Mr. Hargett asked if there was any discussion. Hearing none, Mr. Hargett made a motion to approve the loans, and Mr. Mumpower seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye
 Mr. Eley— Aye
 Mr. Mumpower— Aye
 Mr. Lillard—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval for a Drinking Water State Revolving Fund (DWSRF) loan. He called upon Mr. Bakare to present the loan request, and asked that Board members be given the opportunity to comment or ask questions after the update on the Report of Funds Available for Loan Obligation. Mr. Bakare responded affirmatively. He then presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. He stated the unobligated fund balance was \$68,584,776 as of January 25, 2021. Upon approval of the loan request to be presented totaling \$100,000, the remaining funds available for loan obligations would be \$68,484,776. He then described the DWSRF loan request.

- **Brownsville Energy Authority (DWF 2021-229)** Requesting \$100,000 for a planning and design loan for the Wastewater Treatment Plant (WTP) improvements and water meter replacement project (Renovate the Powell Street WTP clearwell and install advanced metering infrastructure (AMI) water meters throughout the water distribution system); recommended interest rate of 0.06% based on the ATPI; Priority ranking 35 of 48 (FY 2020); Term 5 years.

Mr. Hargett asked if there was any discussion. Hearing none, Mr. Hargett made a motion to approve the loan, and Mr. Mumpower seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye
 Mr. Eley— Aye
 Mr. Mumpower— Aye
 Mr. Lillard—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was the report on SRF borrowers that have not submitted a request for project expense reimbursement. He asked Ms. Thompson if there was a way to share the report (spreadsheet) on the screen, and Ms. Thompson responded affirmatively. Ms. Thompson requested that Kristi Harris (SGF) make that report available on the screen. After some technical difficulties, Mr. Hargett asked that we continue with the agenda item, and stated that, without objection, board members could follow along using their own electronic copy if they chose to do so. He asked that staff anticipate the next agenda item and have that report (PRL) ready to share on the screen. Mr. Hargett then called upon Mr. Bakare to present the report. Mr. Bakare stated that all projects were in compliance with their project schedule, but noted Lebanon was obtaining additional information at the request of TDEC. Mr. Bakare stated that reimbursement requests were expected to be submitted soon for the other projects. (A copy of the report was included in the meeting materials.) Mr. Hargett asked if there were any questions about the report. Hearing none, and with no action required, he moved on to the next agenda item.

Mr. Hargett stated that the next item of business was an update on the SRF program's priority ranking lists (PRL). He called upon Mr. Bakare to present the item. Mr. Bakare started with the Drinking Water PRL and stated that TDEC had awarded \$3.1 million in funds so far. He stated that 20 of the 48 prospective borrowers on the list were currently working with the SRF in the funding process and that 11 of the 48 prospective borrowers were interested in receiving funds and planned to submit projects for the 2021 PRL. Mr. Bakare stated that TDEC anticipated funding three of the projects on the list once the funding requirements for a planning and design loan had been completed. He further stated that two of the 48 DW loans had been funded, and that TDEC had contacted 12 of the communities but had not received a response to indicate whether to continue with the current PRL or resubmit on the 2021 PRL. Mr. Hargett asked if there were any questions about the report. Mr. Eley responded affirmatively, and stated that the report had been helpful, but that he was still struggling to understand the application process. He stated that it seemed like quite a bit of time passed through the loan application process. Mr. Eley inquired if TDEC ever had a situation where funds were not available. He pointed out that one of the notes on the report mentioned the supplement that TDEC requested and that the request for additional funds (\$15 million) had been presented to the legislature to add back into the revolving fund. He asked if there was ever a time where there was not enough funds to approve loans from the revolving funds. Mr. Bakare answered saying, that the DW fund, at times, does not have funds available and TDEC had worked to increase its capacity, but the likelihood of running out of funding for CW loans was a possibility due to 100% spending of the funds. Mr. Eley stated that the TLDA needed to be aware of this and the fact that some loans may not get funded. Mr. Bakare responded affirmatively and stated that another consideration was whether the community was ready to move forward with the loan process. He stated that often times, communities submit applications, but are not ready to move forward, which is why some communities that are lower on the ranking list are awarded funds ahead of one that is higher on the PRL. Mr. Hargett thanked Mr. Eley for his question, and stated that the PRL process was one of the things TLDA struggled to understand. He stated that if a community was low on the PRL, it maybe given priority over another community higher on the list just because it was ready today and the other community was not. Mr. Hargett expressed concern whether funds

could be extended when a community high on the PRL was finally in a position to begin its project. He stated again that Mr. Eley's question about capacity was important, and said that it was a possibility one of the major cities would have a large project that would expend the funds quickly. Mr. Hargett asked if there were any further thoughts or comments. Hearing none, he thanked TDEC for its report, and asked Ms. Thompson if there was anything else on the agenda. Ms. Thompson stated that the TLDA had reached the end of its agenda.

Mr. Hargett then stated that he had one personal item to add. He stated that he wanted to introduce a new member of his office. He welcomed Senior Policy Advisor, Chris Mustain.

Hearing no other business, Mr. Hargett moved to adjourn. Mr. Mumpower seconded the motion. Mr. Hargett called upon Ms. Thompson to conduct a roll-call vote:

Mr. Hargett—Aye
Mr. Eley—Aye
Mr. Mumpower—Aye
Mr. Lillard—Aye

The meeting was adjourned.

Approved on this 22nd day of March, 2021.

Respectfully submitted,



Sandra Thompson
Assistant Secretary