

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
February 15, 2023

The Tennessee Local Development Authority (the "TLDA") met on Wednesday, February 15, 2023, at 10:35 a.m. in the Volunteer Conference Center, Second Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable David H. Lillard, Jr., State Treasurer, was present and presided over the meeting.

The following members were also present:

Mr. Chris Mustain, Proxy for the Honorable Tre Hargett, Secretary of State
Ms. Sandra Thompson, Proxy for the Honorable Jason E. Mumpower, Comptroller of the Treasury
Commissioner Jim Bryson, Department of Finance and Administration
Mayor Paige Brown, House Appointee

The following member was absentⁱ:

The Honorable Bill Lee, Governor

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

Mr. Lillard stated that the first item on the agenda was approval of the minutes from the November 28, 2022, TLDA meeting. Mr. Bryson made a motion to approve the minutes, and Ms. Thompson seconded the motion. Mr. Lillard called upon Ms. Alicia West, Program Accountant, with the Division of State Government Finance, to conduct a roll-call vote:

Ms. Brown—Aye
Mr. Bryson—Aye
Mr. Lillard—Aye
Ms. Thompson—Aye
Mr. Mustain—Aye

The minutes were unanimously approved.

Mr. Lillard 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 Ms. Paula Mitchell, Deputy Director of Operations, Division of Water Resources, for the Tennessee Department of Environment and Conservation (TDEC), to present the loan request. Ms. Mitchell first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund balance was \$173,252,365 as of November 28, 2022. Since that time, the unobligated had increased by \$1,051,303 with the return of unused funding from Humboldt Utilities and the Town of Springfield. Upon approval of the loan request to be presented totaling \$1,300,000, the remaining funds available for loan obligations would be \$173,003,668. She then presented the CWSRF loan request.

- **Smyrna (SRF 2023-481)** Requesting \$1,300,000 for a green project – infiltration and inflow correction (Rehabilitation of approximately 5,000 linear feet of existing 6-inch to 10-inch diameter sewer lines using the pipe bursting, cured in place pipe, and open cut methods; replace 23 existing manholes; and install 6 new manholes; recommended interest rate of 2.95% based on the Ability to Pay Index (ATPI); Priority ranking 39 of 64 (FY2020); Term: 20 years

Mr. Lillard inquired if there were any comments or questions. Hearing none, Mr. Bryson made a motion to approve the loan, and Mr. Mustain seconded the motion. Mr. Lillard called upon Ms. West to conduct a roll-call vote:

ⁱ The senate appointee position was vacant at the time of this meeting.

Ms. Brown—Aye
 Mr. Bryson—Aye
 Mr. Lillard—Aye
 Ms. Thompson—Aye
 Mr. Mustain—Aye

The loan was unanimously approved.

Mr. Lillard stated that the next item on the agenda was consideration and approval of a Drinking Water State Revolving Fund (DWSRF) loan. He called upon Ms. Mitchell to present the loan request. Ms. Mitchell first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. She stated the unobligated fund balance was \$65,139,667 as of November 28, 2022. Since that time, the unobligated had increased by \$212,262 with the return of unused funds from Arthur-Shawnee Utility District and the City of Lebanon. Upon approval of the loan request to be presented totaling \$7,000,000, the remaining funds available for loan obligations would be \$58,351,929. She then presented the DWSRF loan request.

- **Kingsport (DWF 2023-254)** Requesting \$7,000,000 for wastewater (WW) treatment plant improvements (upgrades to the High Service Pump Station); recommended interest rate of 2.13% based on the ATPI; Priority ranking 47 of 48 (FY2020); Term: 20 years

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

Ms. Brown—Aye
 Mr. Bryson—Aye
 Mr. Lillard—Aye
 Ms. Thompson—Aye
 Mr. Mustain—Aye

The loan was unanimously approved.

Mr. Lillard stated that the next item on the agenda was TDEC's presentation on Asset Management Planning (AMP) Grants. He called upon Ms. Vena Jones, Manager of State Water Infrastructure Grants for TDEC, to present the item. Ms. Jones stated that AMP grants were critical to effectively managing water, WW, and stormwater infrastructure. She reported that a 2012 EPA study showed 44 of 50 states had well-established AMP Programs, and most included funding assistance; Tennessee does not have an AMP Program. Ms. Jones said that in 2021, the Division of Water Resources showed that 76% of DW and WW systems throughout the state needed adequate AMP to meet Environmental Protection Agency (EPA) guidelines. She continued, saying that in 2022, TDEC proposed to issue loans with principal forgiveness for AMP. She stated that TDEC's authority to issue loans for AMP was clearly outlined in the EPA guidance and handbook, but based on feedback from the Comptroller's staff, it resolved to issue the funding assistance through grants using SRF dollars. She further stated that TDEC intended to use grants to provide funding assistance to publicly-owned systems with the same conditions outlined in its (2022) intended use plan; instead of awarding loans with principal forgiveness, TDEC would award grants for AMP projects. Ms. Jones said that utilities would be eligible for grants with 25-50% match requirements based on the entity's ATPI. She noted that TDEC would provide this grant program for at least 5 years. She said that systems requesting AMP funding connected to a capital project would remain on the priority ranking list (PRL) and be encouraged to seek an SRF loan. She said that funding would provide up to \$375,000 per grant, and the total project cost for any AMP would not exceed \$500,000. Ms. Jones reported that TDEC had 60 requests totaling \$10,623,610. She stated that there was partner funding with the American Rescue Plan (ARP) grants and AMP would be required for water infrastructure entities to obtain that funding. She stated that TDEC had 39 WW, 76 DW, and nine stormwater systems proposing AMP through the ARP grants. She said that the estimated cost would be \$21,058,982, and the total funding needed for all entities would be \$31,682,592. She asserted that TDEC intended to award those this year. Furthermore, she stated that the opportunity to apply for and receive an AMP grant would be open from the summer of 2023 to 2028. She noted that the term for any of these grants would be a maximum of two years. Ms.

Jones stated that the tables in the meeting materials provided information on current DW and CW fund balances and the impact the AMP funding requests would have. Mr. Lillard inquired if there were any questions or discussions. Mr. Bryson responded affirmatively and stated that the report summary said the systems that had requested AMP funding connected to a capital project (listed on PRL) would be encouraged to seek an SRF loan. Ms. Jones responded affirmatively. Mr. Bryson asked if they would also have preferential treatment in the SRF process. Ms. Jones responded, explaining that in SRF terms, those were sometimes called fiscal sustainability plans, a required component of CWSRF loans. She further stated that it was also a federal requirement under the Safe DW Act for any DW system to have an AMP. Mr. Bryson inquired if entities would become more eligible for this funding opportunity by using the funds and developing an AMP. Ms. Jones responded, saying it would help entities prioritize their list of critical infrastructure needs to quickly identify which elements should be replaced or repaired. Mr. Lillard inquired if there were other questions or discussions regarding the report. Hearing none, he thanked Ms. Jones and stated that the board noted and acknowledged the report. No action was necessary.

Hearing no other business, Mr. Lillard asked for a motion to adjourn the meeting. Mr. Bryson made a motion to adjourn, and Ms. Thompson seconded the motion. Mr. Lillard called upon Ms. West to conduct a roll-call vote:

Ms. Brown—Aye
Mr. Bryson—Aye
Mr. Lillard—Aye
Ms. Thompson—Aye
Mr. Mustain—Aye

The meeting was adjourned.

Approved on this 27th day of March, 2023.

Respectfully submitted,


Sandra Thompson
Assistant Secretary