

TENNESSEE LOCAL DEVELOPMENT AUTHORITY

October 2, 2024

The Tennessee Local Development Authority (the “TLDA”) met on Wednesday, October 2, 2024, at 11:13 a.m., CT, in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. Secretary Hargett was present and presided over the meeting.

The following members or proxies were also present:

Mr. William Wood, proxy for the Honorable Jason E. Mumpower, Comptroller of the Treasury
The Honorable David H. Lillard, Jr., State Treasurer
Commissioner Jim Bryson, Department of Finance and Administration

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

Mayor Paige Brown, House Appointee
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.

Secretary Hargett, in accordance with Public Chapter 300 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 next item of business was approval of the minutes from the August 19, 2024, TLDA meeting. Secretary Hargett asked for a motion to approve the minutes. Commissioner Bryson moved approval, 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:

Mr. Wood—Aye
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 and approval of a Clean Water State Revolving Fund (CWSRF) loan. Secretary Hargett recognized Ms. Vena Jones, Program Manager, Tennessee Department of Environment and Conservation (TDEC), to present the loan request. He also stated that he anticipated discussing how the TLDA could contribute to addressing the tragic events (flooding) in Northeast Tennessee¹. Ms. Jones first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund balance was \$195,093,273, as of August 19, 2024. Upon approval of the loan request to be presented totaling \$24,000,000, the remaining funds available for loan obligations would be \$171,093,273.

¹ On September 26-27, 2024, Hurricane Helene hit the Eastern Tennessee region as a tropical storm and caused historic flooding.

Secretary Hargett asked if there were any questions on the report, and there were none. Ms. Jones then presented the CWSRF loan request.

- **Hamilton County WWTA (SRF 2025-494)** Requesting \$24,000,000 for Wastewater Treatment Plant (WWTP) improvements: improvements to the WWTP to include the installation of a new headworks with screens and grit removal; advanced primary clarification; new solids handling equipment and chlorine disinfection; electrical improvements; and a new access road with site grading and stabilization; recommended interest rate of 3.11% based on the Ability to Pay Index (ATPI); Priority ranking 42 of 57 (FY2023); Term: 20 years

Secretary Hargett inquired if there were any questions. Commissioner Bryson responded affirmatively and asked whether Hamilton County's required security deposit would be held for 20 years. Ms. Jones referred the question to Ms. Thompson, who confirmed the security deposit would be held for the entire loan term. Commissioner Bryson then asked whether it would cover the last year's payments or if the security deposit would be returned to the borrower. Ms. Alicia West, Program Accountant with SGF, stated that the security deposit would be returned to the borrower. Secretary Hargett called for a motion to approve the loan. Treasurer Lillard made a motion to approve the loan, and Commissioner Bryson seconded the motion. Secretary Hargett asked if there was any further discussion. Hearing none, Secretary Hargett asked Ms. Thompson to conduct a roll call vote:

Mr. Wood—Aye
 Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—Aye

The loan 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. Secretary Hargett recognized Ms. Vena Jones 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 \$87,950,437, as of August 19, 2024. Since that time, the unobligated balance had increased by \$177,142 with the return of unused loan funding from the City of Humboldt. Upon approval of the loan requests to be presented totaling \$7,730,000, the remaining funds available for loan obligations would be \$80,397,579. Secretary Hargett asked if there were any questions on the report, and there were none. Secretary Hargett said that unless there were any objections, the TLDA would hear both loan requests prior to asking for a motion to approve. There were no objections. Ms. Jones then presented the DWSRF loan requests.

- **Chuckey Utility District (DW7 2025-266)** Requesting \$1,830,000 (\$915,000 (50%) loan and \$915,000 (50%) principal forgiveness) for water line extensions: installation of approximately 13,400 linear feet of 12-inch diameter waterlines along Rheatown, Quaker Knob and Stone Dam Road; recommended interest rate of 1.87% based on the ATPI; Priority ranking 84 of 143 (FY2022); Term: 20 years
- **Rockwood (DW8 2025-274)** Requesting \$5,900,000 (\$2,950,000 (50%) loan and \$2,950,000 (50%) principal forgiveness) for Water Treatment Plant (WTP) improvements: renovation of the settling basin, flocculation basins, and laboratory; and the replacement of valves, pipes, and actuators at the existing WTP; recommended interest rate of 1.87% based on the ATPI; Priority ranking 79 of 143 (FY2022); Term: 20 years

Ms. Jones stated TDEC recommended rate increases to ensure Rockwood (the "City") had a fee structure in place that would be sufficient to cover its debt. She further stated that the City had passed a resolution to increase its rates throughout the term of the project construction. Secretary Hargett asked if there were any questions or comments regarding the DW loans. Commissioner Bryson responded affirmatively, stating that he was trying to understand

the \$5,900,000 funding. Ms. Jones explained that the total project cost was \$8,477,941.13, and that the City was also using state and local American Rescue Plan (ARP) funds as well as an SRF loan. He asked Ms. Jones if the City had passed a resolution to raise rates. Ms. Jones confirmed that the City had and explained that raising its rates was based on depreciation of the total project cost and the debt service for the SRF portion of the loan. Ms. Jones explained that the rate increases were also discussed at a public meeting. Commissioner Bryson thanked Ms. Jones for the explanation. Secretary Hargett moved approval of the loans, and Commissioner Bryson seconded the motion. Secretary Hargett asked if there was any further discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Mr. Wood—Aye
 Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—Aye

The loans were unanimously approved.

Secretary Hargett stated that the next item of business was consideration of a request from the Paris Utility Authority (the “Authority”) to issue water and sewer revenue bonds in an amount not to exceed \$3,025,000 on parity with its outstanding parity lien obligationsⁱⁱ. He recognized Ms. Thompson to present the request. Ms. Thompson stated that approval for the Authority to issue debt and modify lien position was required by the provisions set forth in the SRF loan agreement and guidelines set forth in the *TLDA/SRF Policy and Guidance for Borrowers*. She reminded the board that the Authority had previously requested to issue debt subordinate to its SRF loans on August 19, 2024. She explained that when the Authority went to market, it found the interest cost would be cost prohibitive, so it revised the amount it was borrowing and was now requesting to issue the debt on parity with its outstanding parity lien obligations which would result in an interest rate savings of over 1%. She noted that \$525,000 of the Authority's request would be for design and engineering and that portion would be amortized over a five-year period. She further stated that the other portion of the loan would be amortized over 20 years. She stated that based on that and SGF's analysis, the Authority would have funds sufficient to repay its debt. Secretary Hargett recognized the Authority's bond counsel, Jeff Oldham, and asked if he had anything to add. Mr. Oldham stated he had nothing further to add but would be happy to answer any questions. Secretary Hargett inquired if there were any comments or questions. Hearing none, Secretary Hargett made a motion to approve the request. Commissioner Bryson seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll call vote:

Mr. Wood—Aye
 Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—Aye

The request was unanimously approved.

Secretary Hargett stated that the next item of business was a report on the notification from the City of Greenbrier submitted to comply with TLDA SRF Policy and Guidance for Borrowers. Ms. Thompson explained that pursuant to the TLDA SRF Policy and Guidance for Borrowers, Greenbrier was required to notify the TLDA of its intent to incur debt. She also noted that Greenbrier planned to issue debt subordinate to its SRF loans. She reiterated that

ⁱⁱ The outstanding Parity Lien Obligations include the Authority's Series 2020C and Series 2020D water and sewer revenues bonds, the Series 2021 water and sewer revenue bond, and SRF loans: DW4 2015-163, DWF 2015-164, DWF 2016-178, DWF 2017-195, CW5 2017-381, and SRF 2017-382. The TLDA previously approved a shared parity lien position for these obligations.

this was just a notification and that no action was necessary from the board. Secretary Hargett asked if there were any questions. Hearing none, he stated that the board would consider itself notified.

Secretary Hargett stated that the next item of business was a discussion on the Request for Proposal (RFP) for a Financial Advisor. He recognized Ms. Thompson to present the item. Ms. Thompson stated that the TLDA had a financial advisory contract with PFM and that it would expire at the end of the year. She stated that the contract term was three years with the ability to extend the contract for two additional one-year extensions. Ms. Thompson said that staff had prepared and finalized an RFP to be issued on Monday, October 7, 2024. She stated that proposals were due by November 1, 2024. She further stated that once staff reviewed the proposals, recommendations would be presented to the board at the December TLDA meeting. Secretary Hargett thanked Ms. Thompson and moved on to the next agenda item.

Secretary Hargett stated that the final item of business was the TDEC SRF Response to Hurricane Helene Federally Declared Disaster Areas in East Tennessee. He recognized Ms. Jones. Ms. Jones thanked the board for hearing the special request related to the recent natural disaster. She stated that TDEC was responding to the disasters caused by Hurricane Helene in East Tennessee. She further stated that the Division of Water Resources had conducted initial assessments of the systems and noted that 13 of the 21 affected systems were actively seeking to obtain a loan. Ms. Jones stated that the Environmental Protection Agency (EPA) allowed the state's SRF to help mitigate impacts from natural disasters by providing options where agreements were already in place, and also options for agreements that could be issued after the disaster had occurred. Ms. Jones stated that SRF would like to request approval to provide twelve months of loan forbearance to any SRF loan borrower within the federally listed disaster area. She stated that borrowers would be evaluated on a case-by-case basis for any request beyond twelve months. Ms. Jones stated that SRF would also like approval to establish a protocol for modifying existing agreements to allow for new actions to be covered and then establish a protocol for modifying existing proposals that are to be loan agreements over the next six months. She stated that SRF was taking other immediate actions, including prioritizing reimbursements, eliminating site inspections, and other elements. Ms. Jones stated that TDEC was also establishing an emergency grant opportunity for DW systems that were severely affected by the disaster. Ms. Jones stated that SRF was taking the same actions with the ARP program, and that the US Treasury's 2023 Interim Final Rule was being worked through to ensure that all actions were eligible. Secretary Hargett complimented Ms. Jones, TDEC's Commissioner, and their entire team for the quick response where TDEC and the TLDA could join together to help provide some relief. Secretary Hargett asked if there were any questions about the proposal. Commissioner Bryson responded affirmatively, first agreeing with Secretary Hargett's sentiments and then stating that he had questions about the loan forbearance. He asked if the interest would accumulate or be forgiven in the first year and if the TLDA would be involved in those decisions. Ms. Jones replied that TDEC had flexibility but needed to talk with SGF regarding loan forgiveness and forbearance of interest or principal. Ms. Thompson responded that the TLDA would determine if a loan could be forgiven or placed in forbearance. Secretary Hargett stated that the vote before the TLDA was the twelve months of forbearance, but the decision would not preclude the board from doing something different, including changing forbearance to forgiveness in the future. Commissioner Bryson then stated that he would like TDEC to come back to the TLDA with the evaluation criteria that would be used. Ms. Jones responded affirmatively. Commissioner Bryson then asked about the special protocols that would modify existing agreements or allow new actions. Ms. Jones replied that the utilities were unsure of what they needed, but that it was important to establish some boundaries. She stated that she was talking to the EPA as well as national consultants on what the "dos and don'ts" were because FEMA money was also a consideration. Commissioner Bryson replied that the TLDA wanted to be as flexible as possible and understand what it was voting on to do the right thing. He then asked about modifying existing protocols to loan agreements over the next six months. Ms. Jones replied that TDEC would access funding only from capitalization grants, moving it from the projects category, so that there would be a decrease in the unobligated balance but not from the revolving fund. She said TDEC would be moving that into the grant program and that the TLDA would not have to approve the grants but would still be notified when TDEC put the money in "set-asides". She also said that any need for SRF money would be brought before the board. Commissioner Bryson stated that the TLDA would be happy to call a special meeting if necessary. He then asked if ARP year-end deadlines would be a problem. Ms. Jones responded that several entities had ARP money available, and that they were in the process of signing their contracts, so she would be giving them some space to decide if other contracts were needed. She stated that TDEC had also enacted emergency procurement procedures to allow them to move through the procurement process quickly. Commissioner Bryson responded,

saying that he believed Treasury would also offer some relief. He asked TDEC to give help in speeding up the process to meet deadlines. Ms. Jones responded affirmatively. Commissioner Bryson thanked Ms. Jones, and thanked the Chairman, stating that was all the questions he had. Secretary Hargett asked if the board members had anything else. Hearing none, Secretary Hargett moved approval for TDEC to take the following actions: 1. Provide twelve (12) months of forbearance to any SRF borrower within the federally listed disaster area and to evaluate requests beyond 12 months on a case-by-case basis, 2. Establish a protocol for modifying existing agreements to allow for new actions to be covered, and 3. Establish a protocol for modifying existing proposals to be loan agreements over the next six (6) months. Commissioner Bryson seconded the motion. Secretary Hargett asked if there was any further discussion. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Mr. Wood—Aye
 Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—Aye

The request was unanimously approved.

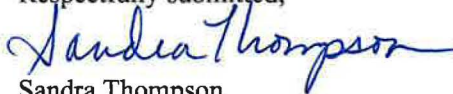
Hearing no further business, Secretary Hargett asked for a motion to adjourn the meeting. Mr. Wood motioned to adjourn the meeting, and Treasurer Lillard seconded the motion. Secretary Hargett asked Ms. Thompson to conduct a roll call vote:

Mr. Wood—Aye
 Treasurer Lillard—Aye
 Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mayor Bradshaw—Aye
 Mayor Brown—Aye

The meeting was adjourned.

Approved on this 14th day of November, 2024.

Respectfully submitted,



Sandra Thompson
 Assistant Secretary

