

TENNESSEE LOCAL DEVELOPMENT AUTHORITY
November 14, 2024

The Tennessee Local Development Authority (the "TLDA") met on Thursday, November 14, 2024, at 8:40 a.m., CT, in House Hearing Room III, 1st Floor, Cordell Hull Building, Nashville, Tennessee. Secretary of State Tre 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 member participated electronically as authorized by Tennessee Code Annotated § 8-44-108:

Mayor Rollen "Buddy" Bradshaw, Senate Appointee

The following members were absent:

The Honorable Bill Lee, Governor
 Mayor Paige Brown, House Appointee

Recognizing a physical quorum present, Secretary Hargett called the meeting to order and asked Ms. Sandra Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance ("SGF") to conduct a roll call:

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

Secretary Hargett, in accordance with Public Chapter 300 and Board guidelines, asked Ms. Thompson 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 October 2, 2024, TLDA meeting. Secretary Hargett asked for a motion to approve the minutes. Treasurer Lillard moved approval, and Commissioner Bryson seconded the motion. Secretary Hargett asked if there was any discussion or comments. Hearing none, he asked Ms. Thompson to conduct a roll call vote:

Secretary Hargett—Aye
 Commissioner Bryson—Aye
 Mr. Wood—Aye
 Treasurer Lillard—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, Tennessee Department of Environment and Conservation (TDEC), to present the loan request. Ms. Jones first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund

balance was \$171,093,273, as of October 2, 2024. Since that time, the unobligated balance had increased by \$80,052,585 which included fiscal year 2024 principal and interest repayments and treasury interest. Upon approval of the loan requests to be presented totaling \$1,142,500, the remaining funds available for loan obligations would be \$250,003,358. Secretary Hargett asked if there were any questions on the report, and there were none. Secretary Hargett stated that unless there were any objections, the TLDA would hear all three loan requests prior to asking for a motion to approve. There were no objections. Ms. Jones then presented the CWSRF loan requests.

- **Dandridge (CW9 2025-491)** Requesting \$400,000 (\$200,000 (50%) loan and \$200,000 (50%) principal forgiveness) for inflow and infiltration correction; planning and design for the rehabilitation/replacement of approximately 8,560 linear feet (LF) of 8-inch through 12-inch diameter sewer lines; and the replacement of approximately 40 manholes; recommended interest rate of 2.38% based on the Ability to Pay Index (ATPI); Priority ranking 27 of 67 (FY2023); Term: 5 years
- **Jacksboro (Caryville-Jacksboro Utilities Commission) (CW9 2025-493)** Requesting \$242,500 (\$121,250 (50%) loan and \$121,250 (50%) principal forgiveness) for Wastewater Treatment Plant (WTP) improvements/upgrade-advanced treatment: planning and design for the installation of a rotating drum screen in the headworks and installation of fine bubble air diffusers in the aeration basins with blowers and electrical improvements; recommended interest rate of 2.38% based on the ATPI; Priority ranking 3 of 57 (FY2023); Term: 5 years
- **White Pine (CW20 2025-492)** Requesting \$500,000 (\$250,000 (50%) loan and \$250,000 (50%) principal forgiveness) for collection system rehabilitation: planning and design for phase 2 and 3 rehabilitations of the collection system in sewer basins 2 and 6 to include sewer line replacement, point repairs, manhole repairs/replacement, and associated appurtenances; recommended interest rate of 2.38% based on the ATPI; Priority ranking 24 of 67 (FY2023); Term: 5 years

Secretary Hargett asked whether there was any discussion or comments, and Commissioner Bryson responded affirmatively. Commissioner Bryson asked Ms. Jones if she knew why the current user rate of \$121.05 for Caryville/Jacksboro Utilities was so much higher than the user rates for other similar utilities. Ms. Jones replied that the rates had been provided by the applicant, and she was unsure of the reason. Secretary Hargett then asked if she could find out why the Utilities' rate was so high and report back to the TLDA, and Ms. Jones responded affirmatively. Secretary Hargett called for a motion to approve the loans. Treasurer Lillard made a motion to approve the loans, and Mr. Wood 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:

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

The loans were 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 \$80,397,579, as of October 2, 2024. Since that time, the unobligated balance had increased by \$15,468,639 which included fiscal year 2024 principal and interest repayments and treasury interest. Upon approval of the loan requests to be presented totaling \$15,150,000, the remaining funds available for loan obligations would be \$80,716,218. 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.

- **Fayetteville (DWF 2024-263-01)** Requesting \$15,000,000 for waterline replacement: replacement of approximately 83,000 LF of aging waterline to improve pressure and reduce water loss; recommended interest rate of 1.87% based on the ATPI; Priority ranking 56 of 143 (FY2022); Term: 20 years
- **White Pine (DW7 2025-272)** Requesting \$150,000 (\$75,000 (50%) loan and \$75,000 (50%) principal forgiveness) for new water storage tank (WST): planning and design for the construction of a 250,000-gallon WST; recommended interest rate of 2.38% based on the ATPI; Priority ranking 12 of 70 (FY2023); Term: 5 years

Secretary Hargett observed that one of White Pine's loans had been deferred and then asked if there was any discussion or comments about the other DW loans. Commissioner Bryson expressed concern about Fayetteville's ability to repay its loans because of the amount of state-shared taxes, which are pledged as additional security, available to pay its annual debt service was much less than the MADS and because the debt service comprised about 40% of its budget. He asked if TDEC was confident in Fayetteville's ability to meet its loan obligations based on its current rates. Ms. Jones responded affirmatively, explaining that TDEC's financial sufficiency review took into account existing rates, additional revenues, and projected future rates to determine Fayetteville's ability to repay loans. Secretary Hargett asked if Ms. Thompson had anything further to add. Ms. Thompson responded that she had no additional remarks. Secretary Hargett then 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:

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

The loans were unanimously approved.

Secretary Hargett stated that the final item of business was the update on the TDEC/SRF response to hurricane disaster areas in East Tennessee. He recognized Ms. Jones to present the update. Ms. Jones stated that she had provided the TLDA with a summary of SRF's actions in response to the hurricane disaster and the requirements for entities to apply for Federal Emergency Management Agency (FEMA) Public Assistance (PA). Ms. Jones stated that that storm had not impacted any of the SRF or American Rescue Plan (ARP) projects in progress. Ms. Jones stated that all qualified entities had applied for PA by November 1, 2024, and were now waiting for FEMA engineers to complete their final assessment and have their recovery scoping meetings, during which FEMA would identify the assets that qualified for PA. In addition, she said entities would have 60 days in which SRF would do its best to help them understand their financial strategy, including what they should do with their existing SRF loans and whether or not they should forego using ARP grants and use FEMA dollars instead. She noted that FEMA dollars came with additional federal regulations. She added that some entities had not started work and would have the option to change the scope of their SRF projects as long as they did not change between DW and CW. Ms. Jones explained that SRF could then direct those fund requests as state revolving dollars which would help entities provide the 25% non-federal match required for FEMA projects. She stated that in the meantime, entities were on hold so as not to create a conflict that would eliminate their potential to use PA. Ms. Jones stated that Dave Burn, Senior Assistant Attorney General, along with TDEC's Office of General Counsel, had drafted a forbearance agreement, and upon finalization, it would be sent to entities with existing loans in repayment or with projects in progress. She stated that borrowers that entered into the agreement would be allowed to delay interest and regular repayments for 12 months and noted that situations would be reassessed after the 12-month period. Ms. Jones said that customers were grateful for forbearance and appreciated the TLDA placing debt repayment on temporary pause while utilities worked to get back to normal. She stated that SRF was waiting to see what entities request for PA before sending out a survey. Treasurer Lillard requested a copy of the forbearance agreement. Ms. Jones replied that she had included a summary and a list of entities in the meeting materials, but Mr. Burn was reviewing the draft copy of the

agreement. She stated that she would send the finalized agreement to the board as soon as possible. Secretary Hargett thanked Ms. Jones for the update and stated that it sounded like communities would need SRF's help to figure out which avenue was best for them. He also expressed concern about missed deadlines and opportunities. Secretary Hargett stated that the summary of Ms. Jones' remarks was missing from the packet and asked if she would send it to all board members. Ms. Thompson said that the summary had been sent to staff. Treasurer Lillard confirmed that Ms. Jones would send the summary to the TLDA, and Ms. Jones responded affirmatively. Secretary Hargett stated that this was a nonaction item and asked if there were any further comments or questions. Hearing none, he thanked Ms. Jones for the report.

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

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

The meeting was adjourned.

Approved on this 16th day of December, 2024.

Respectfully submitted,



Sandra Thompson
Assistant Secretary