TENNESSEE LOCAL DEVELOPMENT AUTHORITY
January 25, 2021

The Tennessee Local Development Authority (the "TLDA") met on Monday, January 25, at 3:05 p.m. via WebEx Events with certain members being physically present in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee. 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
The Honorable David H. Lillard, Jr., State Treasurer (participated electronically)
Commissioner Butch Eley, Department of Finance and Administration
Ms. Paige Brown, House Appointee (participated electronically)
Mr. Pat Wolfe, Senate Appointee (participated electronically)

The following member was absent:

The Honorable Bill Lee, Governor

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
Ms. Brown—Present
Mr. Wolfe—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, 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. 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
Ms. Brown—Aye
Mr. Wolfe—Aye

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

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the December 14, 2020, TLDA meeting. Mr. Hargett asked for a motion to approve the minutes. Mr. Mumpower made a motion to approve the minutes, 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
Ms. Brown—Aye
Mr. Wolfe—Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration of a request for approval from Cross Anchor Utility District (the "District") to issue Waterworks Revenue and Refunding Bonds in an amount not to exceed $1,300,000 on parity with its outstanding SRF loan. He called upon Ms. Thompson to present the request. Ms. Thompson stated that as required by the provisions set forth in the SRF loan agreements, and the guidelines set forth in the SRF/TLDA Policy and Guidance for Borrowers, the District was requesting approval from the TLDA to issue Waterworks Revenue and Refunding Bonds on parity with its outstanding SRF loan agreement. She stated that the proposed debt would be issued in an amount not to exceed $1,300,000 on parity with its SRF loan. She further stated that the proceeds of the bonds would be used to refund for debt service savings on the District's outstanding Series 2010 Revenue Bonds, fund capital improvements to the System, fund a debt service reserve fund, and pay costs of issuing the Bonds. Ms. Thompson reported that the District was in compliance with its SRF loan agreement, had made timely repayments on its current SRF loan, and had timely filed its audited financial statements with the Division of Local Government Audit. She stated that the District had a security deposit in place in the amount of $39,204, and that the current and projected debt service coverage ratio either met or exceeded the 1.2 times requirement. Ms. Thompson concluded by saying, based on the analysis conducted by the DSGF, the District would have sufficient cash and revenues to meet its obligations, and it appeared to meet TLDA's guidelines for approval to issue the bonds on parity with its outstanding SRF loan. Therefore, she stated that staff recommended approval of the request.

Mr. Hargett asked if there was any discussion. Hearing none, Mr. Hargett made a motion to approve the request, 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
Ms. Brown—Aye
Mr. Wolfe—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval of a Clean Water State Revolving Fund (CWSRF) loan. He recognized Mr. Adeniyi Bakare, SRF Program Manager for the Tennessee Department of

Environment and Conservation (TDEC), to present the loan request. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. He stated the unobligated fund balance was $82,416,529 as of December 14, 2020. Since that time, the unobligated balance had increased by $58,444 with the return of previous (unused) funding from the Cities of Rocky Top and Westmoreland. Upon approval of the loan request to be presented totaling $17,200,000, the remaining funds available for loan obligations would be $65,274,973. He then described the CWSRF loan request.

- **Smyrna (SRF 2020-438-01)** Requesting $17,200,000 for a Water and Wastewater Treatment Plant (WWTP) upgrade/expansion project (expansion of the existing WWTP from 5.85 million gallons per day (MGD) to 9 MGD that would enable the town to maintain compliance with its permit limits and provide adequate treatment capacity); recommended interest rate of 0.90% based on the Ability to Pay Index (ATPI); Priority ranking 4 of 82 (FY 2019); Term 30 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
Ms. Brown—Aye
Mr. Wolfe—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item on the agenda was consideration and approval for Drinking Water State Revolving Fund (DWSRF) 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 called upon Mr. Bakare to present the loan requests. Mr. Bakare first presented the Report on Funds Available for Loan Obligation for the DWSRF Loan Program. He stated the unobligated fund balance was $71,884,776 as of December 14, 2020. Upon approval of the loan requests to be presented totaling $3,300,000, the remaining funds available for loan obligations would be $68,584,776. He then described the DWSRF loan requests.

- **Smyrna (DG9 2021-231)** Requesting $3,000,000 for systemwide advanced metering infrastructure with leak detection project. (This project would enable the Town to improve operational efficiencies and sustainability by effectively monitoring water usage and system efficiency, detecting malfunctions and water leaks, and recognizing irregularities); recommended interest rate of 0.68% based on the ATPI; Priority ranking 42 of 43 (FY 2020); Term 20 years.

- **Arthur-Shawanee UD (DW7 2020-226)** Requesting $300,000 ($240,000 (80%) loan; $60,000 (20%) principal forgiveness) for distribution system improvements (The project would consist of 7,500 linear feet of new 10" PVC waterline to serve the tank, a new 400,000-gallon water storage tank and telemetry equipment, a new supervisory control and data acquisition (SCADA) controlled butterfly valve, and associated appurtenanaces); recommended interest rate of 0.61% based on the ATPI; Priority ranking 13 of 43 (FY2019); Term 20 years.

Mr. Hargett inquired if the TLDA had any questions about the loans. He then asked if Smyrna's priority ranking was accurate at 42 out of 43. Mr. Bakare introduced Ms. Felicia Freeman, TDEC's Environmental Manager to respond. Ms. Freeman responded affirmatively and stated that TDEC provided funding to projects ready to proceed and the Smyrna project was ready to move forward with its funding. She further stated that this particular project for Smyrna was on the green project reserve list, and that TDEC was required to provide funding for projects on that (green project) list. Mr. Hargett responded that the explanation made sense, but stated that the fact sheet did not include that information. He asked TDEC to provide information that would let the TLDA know which of the loans on the priority ranking list had already been approved. Mr. Hargett requested that TDEC present additional information so that the TLDA could fully understand what it was being asked to approve at each meeting. He asked if TDEC thought that was fair, and both Ms. Freeman and Mr. Bakare responded affirmatively. Mr. Mumpower then asked about the green project funding requirement that TDEC mentioned. Ms. Freeman stated that it was an Environmental Protection Agency (EPA) requirement stated within its capitalization grant and that it provided funding for green infrastructure. Mr. Mumpower inquired if it was a federal requirement in TDEC's grant contract, and Ms Freeman responded affirmatively. Mr. Eley asked what TDEC's application period was for the 43 loans in the batch, and she answered saying, the solicitation period was from January 2020 to December 31, 2020. He then inquired how many of those 43 loans had been funded, or how many anticipated funding. Ms. Freeman replied that she did not have the list in front of her, but that TDEC planned to update the TLDA on the status of both the CW and DW PRL at the next TLDA Board meeting. Mr. Eley stated that would be good. He then mentioned the Arthur-Shawanee UD's 20% principal forgiveness and inquired about TDEC's decision making process in regard to how projects were awarded principal forgiveness. Ms. Freeman answered saying, that principal forgiveness was provided to small and disadvantaged communities with populations of 10,000 or less and those who had an ATPI of 50 or less. She stated that borrowers that met those requirements and were ready to proceed with their loans, would be provided 20% principal forgiveness. She further stated that TDEC provides 20% principal forgiveness on a total project cost up to $2.5 million and would provide principal forgiveness until funds set aside for it had been exhausted. Mr. Hargett stated that would be a cap of $500,000 principal forgiveness , which would be 20% of $2.5 million, and Ms. Freeman responded affirmatively. Mr. Hargett encouraged TDEC to provide more information on the fact sheet going forward, and stated that it would be better to have too much information than not enough. Again, he asked if TDEC thought that was fair, and Ms. Freeman responded affirmatively.

Mr. Hargett asked if there was any further discussion, hearing none, he 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
Ms. Brown—Aye
Mr. Wolfe—Aye

The motion was unanimously approved.

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
Ms. Brown—Aye
Mr. Wolfe—Aye

The meeting was adjourned.

Approved on this 17th day of February, 2021.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary