TENNESSEE LOCAL DEVELOPMENT AUTHORITY
March 27, 2023

The Tennessee Local Development Authority (the "TLDA") met on Monday, March 27, 2023, at 2:18 p.m. in the Volunteer Conference Center, Second Floor, Cordell Hull Building, Nashville, Tennessee. 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
Commissioner Jim Bryson, Department of Finance and Administration
Mayor Paige Brown, House Appointee

The following member was absent[i]:

The Honorable Bill Lee, Governor

Mr. Hargett acknowledged Mr. Mumpower's sentiments regarding the Covenant School tragedy.[ii]

Then, recognizing a quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett stated that the first item on the agenda was approval of the minutes from the February 15, 2023, TLDA meeting. Mr. Hargett motioned to approve the minutes, and Mr. Bryson seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion was carried, and the minutes were unanimously approved.

Mr. Hargett stated that the next item on the agenda was the consideration and approval of Clean Water State Revolving Fund (CWSRF) loans and said that, unless there were any objections, the TLDA would hear the two loan requests prior to asking for a motion to approve. Hearing none, he recognized Ms. Paula Mitchell, Deputy Director of Operations, Division of Water Resources, for the Tennessee Department of Environment and Conservation, to present the loan requests. Ms. Mitchell first presented the Report on Funds Available for Loan Obligation for the CWSRF Loan Program. She stated the unobligated fund balance was $173,003,668 as of February 15, 2023. Since that time, the unobligated had increased by $48,610,100, comprised of a Capitalization Grant, along with its required State match, and the IIJA General Supplemental Grant, along with its required State match for FFY 2022. Upon approval of the loan requests to be presented totaling $2,350,000, the remaining funds available for loan obligations would be $219,263,768. She then presented the CWSRF loan requests.

- **South Pittsburg (CW8 2023-480)** Requesting $750,000 ($600,000 (80%) loan; $150,000 (20%) principal forgiveness) for an infiltration and inflow correction (Rehabilitation of approximately 30,000 linear feet (LF) of sewer lines using point repairs and cured-in-place methods, and manhole rehabilitation;
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[i] Lt. Governor Randy McNally appointed Mayor Rollen "Buddy" Bradshaw to serve as the TLDA senate appointee. The TLDA Assistant Secretary was notified of the appointment on March 27, 2023, and Mayor Bradshaw was subsequently contacted by TLDA staff on March 30, 2023, regarding his appointment.

[ii] Mr. Mumpower began the series of meetings of the Tennessee State Funding Board, State School Bond Authority, and Local Development Authority by acknowledging the tragic events that had occurred at the Covenant School in Nashville earlier in the day. Mr. Mumpower asked everyone in attendance to stand in a moment of silence for all of those affected. Mr. Mumpower prayed for healing, comfort, and understanding for everyone involved.

- recommended interest rate of 2.01% based on the Ability to Pay Index (ATPI); Priority ranking 23 of 64 (FY2020); Term: 20 years

- **Tullahoma Utilities Authority (CW8 2023-442)** $1,600,000 for a new Pump Station (PS) and force main (Replacement of the existing Ovoca Road PS and the installation of approximately 10,000 LF of 12-inch diameter force main along Ovoca Road. Recommended interest rate of 3.35% based on the ATPI; Priority ranking 16 of 53 (FY2021); Term: 20 years

Mr. Hargett inquired if there was any discussion. Mr. Bryson responded affirmatively and said that he wanted to follow up on South Pittsburg's loan. He asked if the City would only be able to repay loans if it increased rates. Ms. Mitchell responded affirmatively and stated that as a requirement to receive the loan, the City was required to pass a local ordinance to increase rates annually for three years. She further stated that it had passed the ordinance and would now be required to increase rates. Mr. Bryson asked if the City could rescind the ordinance, and Ms. Mitchell stated that she would need to review applicable policies and requirements. Ms. Mitchell asked Ms. Sandra Thompson, TLDA Assistant Secretary and the Director of the Division of State Government Finance, if borrowers were required to notify if they rescinded the local ordinance. Ms. Thompson replied that it would need to be reviewed. Ms. Mitchell noted that she had not experienced local government rescinding a local ordinance relative to its rates. Mr. Bryson voiced concern regarding the possibility. Ms. Mitchell said that it was not uncommon for potential borrowers to only be approved for a loan if they agreed to implement a rate increase in the future.

Mr. Hargett inquired if there were any further questions. Hearing none, he asked for a motion to approve the loans. Mr. Mumpower motioned to approve the loans, and Ms. Brown seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion was carried, and the loans were unanimously approved.

Mr. Hargett 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 $58,351,929 as of February 15, 2023. Since that time, the unobligated had increased by $43,796,384, comprised of a Capitalization Grant, along with its required State match, and the IIJA General Supplemental Grant, along with its required State match for FFY 2022. Upon approval of the loan request to be presented totaling $2,700,000, the remaining funds available for loan obligations would be $99,448,313. She then presented the DWSRF loan request.

- **South Pittsburg (DW9 2023-256)** Requesting $2,700,000 ($2,160,000 (80%) loan; $540,000 (20%) principal forgiveness) for new water storage tanks (WST) (Construction of a 150,000-gallon and 285,000-gallon WST to replace the existing WST) and water meter replacement (Installation of approximately 3,200 automated meter reading (AMR) meters); recommended interest rate of 2.01% based on the ATPI; Priority ranking 36, 67 of 72 (FY2021); Term: 20 years

Mr. Hargett inquired if there were any questions. Hearing none, he asked for a motion to approve the loan. Mr. Lillard motioned to approve the loan, and Mr. Mumpower seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion was carried, and the loan was unanimously approved.

Mr. Hargett stated that the next item on the agenda was a report on the notification from the City of Portland submitted to comply with TLDA SRF Policy and Guidance for Borrowers. He called upon Ms. Thompson to present the report. Ms. Thompson stated that the City of Portland had notified the TLDA of its intent to enter into a loan agreement in an amount not to exceed $5,000,000 to finance water and sewer projects for the City. She stated that pursuant to the TLDA SRF Policy and Guidance for Borrowers, the City was required to notify the TLDA even though it was not asking for parity of lien to, or subordination of, its current SRF loans. She further stated that this

was a notification and would not require action by the TLDA board. Mr. Hargett noted that the report was duly reported, and with no further action necessary, he moved on to the next agenda item.

Mr. Hargett stated that the next item on the agenda was a report on the notification from the City of Algood submitted to comply with TLDA SRF Policy and Guidance for Borrowers. He called upon Ms. Thompson to present the report. Ms. Thompson stated that the City of Algood had notified the TLDA of its intent to enter into a loan agreement in an amount not to exceed $2,300,000 to finance sewer system projects. She stated that pursuant to the TLDA SRF Policy and Guidance for Borrowers, the City was required to notify the TLDA in the occurrence of new debt. She further stated that the City was not requesting parity of lien to, or subordination of, its current SRF loans. Ms. Thompson said this was a notification and would not require action by the TLDA board. Mr. Hargett noted that the report was duly reported, and with no further action necessary, he moved on to the next agenda item.

Hearing no other business, Mr. Hargett asked for a motion to adjourn the meeting. Mr. Mumpower motioned to adjourn, and Mr. Lillard seconded the motion. Mr. Hargett asked all in favor to say aye and all opposed to say no. By a vote of 5 – 0, the motion was carried, and the meeting was adjourned.

Approved on this 26th day of April, 2023.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary