

**EAST TENNESSEE DEVELOPMENT DISTRICT
EXECUTIVE COMMITTEE MEETING
FEBRUARY 9, 2021
MINUTES**

The East Tennessee Development District's Executive Committee held a meeting on Tuesday February 9, 2021, via Zoom Video Web Conferencing. The following Executive Committee members were present:

Roland (Trey) Dykes, III, City of Newport Mayor
Mark Potts, Jefferson County Mayor
Joe Brooks, Claiborne County Mayor
Terry Frank, Anderson County Mayor
E.L. Morton, Campbell County Mayor
Crystal Ottinger, Cocke County Mayor
Mike Byrd, Grainger County Mayor
Bill Brittain, Hamblen County Mayor
Mitch Ingram, Monroe County Mayor
Brian Langley, Morgan County Executive
Ron Woody, Roane County Executive
Larry Waters, Sevier County Mayor
Richard Briggs, State Senator

Guests

Rick Yakubic, ETDD
Stacy Chambers, Monroe County Development Representative
Anna Beth Walker, Claiborne County Development Representative
Jack Qualls, Loudon County Development Representative
Gary Human, State of TN Economic & Community Development
Bill Darden, Congressman Phil Roe's Office

CALL TO ORDER

Chairman Trey Dykes called the meeting to order and requested roll call.

MINUTES

Chairman Trey Dykes presented the minutes of the January 12, 2021 meeting to the Executive Committee for approval. Claiborne County Mayor Joe Brooks made a motion to approve the minutes as presented, it was seconded by Jefferson County Mayor Mark Potts, and the minutes were unanimously approved.

TREASURER'S REPORT

The Treasurer's Report for the month ending December 31, 2020 was presented by ETDD Financial Officer Rick Yakubic. Jefferson County Mayor Mark Potts made the motion to accept the report as presented and it was seconded by Roane County Executive Ron Woody, and it was approved by all.

EXECUTIVE DIRECTOR SEARCH COMMITTEE REPORT

Chairman Trey Dykes mentioned first that he would like to thank the members of the Search Committee for their service:

Roland Dykes, III, Chair and Newport Mayor
Mark Potts, Jefferson County Mayor
Bill Brittain, Hamblen County Mayor
Larry Waters, Sevier County Mayor
Terry Frank, Anderson County Mayor
Mike Byrd, Grainger County Mayor
Ron Woody, Roane County Executive

The search process included advertising the position in local, state, and national media during November, analysis and ranking of candidate resumes in December, identification of top candidates in early January and finally interviewing the top candidates in person on January 26th at the ETDD offices.

The Search Committee recommends that the ETDD Executive Committee hire Mr. Rick Yakubic as the next Executive Director of ETDD at an annual salary of \$88,720.30 plus the annual salary supplement that is in place for all ETDD employees and currently received by Mr. Yakubic in his present position.

A motion and second is needed to formalize the hiring of Mr. Yakubic.

Claiborne County Mayor Joe Brooks made the motion to accept the hiring of Mr. Yakubic, it was seconded by Coker County Mayor Crystal Ottinger and it was approved by all.

Thank you again to the Committee for their hard work and I welcome Mr. Yakubic as the new Executive Director of ETDD effective March 2nd.

DIRECTOR'S REPORT

Terry Bobrowski, ETDD Executive Director, gave his Director's report:

Grants Update

Community Development Block Grant (CDBG)

Mr. Bobrowski reported that our staff is working hard to submit a number of CDBG applications this year. This year's guidelines for submittal of grant applications are the following:

- One grant per community.
- An existing grant must be closed by March 31, 2021.
- Grant applications are due on February 26, 2021. If you do not close your existing grant by March 31, 2021, the new application will be returned and will not be scored for funding opportunities.

The level of funding is determined annually through Federal Congressional appropriations. Each state receives a projected allocation of CDBG funds, based on a federal formula and does not compete with other states for funding allocations.

There are five application categories:

1. Water line extensions
2. Water line plant improvements and waterline collection system improvements.
3. Wastewater line plant improvements and wastewater collection system improvements.
4. Community livability that includes fire trucks, ambulances, drainage, etc.
5. Housing

Every application requires a match except Housing, which is 100% match. Community development grant rates are based on the "ability-to-pay" of the applicant as calculated by the Center for Business and Economic Research at the University of Tennessee.

Maximum grants are \$600,000 for lines, systems, and housing rehabilitation. Maximum grants for community livability projects are \$400,000. Communities that participate in the Three-Star program are eligible for up to \$25,000 (\$15,000 for community livability projects) in additional funding.

ETDD staff is currently talking with the following communities for 2021 applications: Claiborne County, Monroe County, Rocky Top, Blount County, Jellico, Caryville, Harrogate, Cocke County, Scott County, Norris, Campbell County, Loudon, Oakdale, and Roane County.

ETDD staff is currently assisting 28 communities with the administration of their awarded CDBG projects.

Historic Preservation Grants

Mr. Bobrowski mentioned that we routinely submit applications to assist with the preservation of cultural assets in our region. On January 31st we submitted two applications – one for a project in Grainger County and one for a project in the City of Sevierville.

FEMA Fire Fighters Grants

Mr. Bobrowski also reminded the committee that the FEMA Fire Fighters Grant Program continues to be a very popular program for our rural volunteer fire departments. Fire Departments can use these funds to buy equipment such as turn out gear, buy trucks or make safety modifications (sprinklers, exhaust systems, generators) to fire halls. Grants are very affordable, usually in the 90 – 95% range with only a small local share required. The application period opened up on January 4th and will continue until February 12th. The applications will then be reviewed by an independent review team in Washington over the next 9 months or so. They review the applications in batches so they make funding announcements throughout the coming year. We are working with five fire departments to submit applications

Please keep in mind that all applicants must be registered with their new on-line system, FEMA.GOV, in order to apply for a grant. If you or anyone you know needs help with the registration process, contact Tim Hendrick at thendrick@etdd.org.

Home Program

Mr. Bobrowski mentioned that he expects that THDA will soon announce that they will be accepting HOME program applications again this year. The applications will probably be due around March 4th, 2021. The HOME program provides grant funds for owner occupied housing rehabilitations for low- and moderate-income persons. Local governments can apply for a minimum of \$100,000 up to a maximum of \$500,000. No match is required. We would be happy to assist anyone who might be interested in submitting an application.

Appalachian Regional Commission (ARC)

Mr. Bobrowski announced that we submitted about 13 pre-applications in December and are waiting on the Governor to make decisions on those projects. Usually in the spring when we hear back on those projects and get started on them soon after that. Many of you probably watched the State of the State Address last night and the Rural Development Program funds, as you know, were cut

severely in last year's budget. It has been restored and then some. The Governor has recommitted a lot of the state money to the Rural Development, one hundred million dollars or more. There is a big push to put broadband back out there into areas where needed spending \$200 million or more is dedicated to that effort. It is getting the attention it deserves now. We will get with Brooxie and Sammy Arnold to get more details on this program.

Mr. Bobrowski mentioned that the Site Development and Property Evaluation Programs are again accepting applications. They are due on March 5th. Also, another round of Infrastructure Planning grants will be announced soon. We will track this announcement and let you know when you can apply.

Agribusiness Loan Program and COVID Loan Program

Mr. Bobrowski informed the committee that we are still looking for applications for our new loan program from the TN Dept. of Agriculture. The purpose of the program is to stimulate farm and agri-business income. We intend to provide low interest financing for the purchase of farm equipment and machinery in order to create new markets for locally produced farm products. Loans can be for up to \$75,000, 7 years maximum term and we anticipate the interest rate to be around 4%. Loans can be used for building, harvesting equipment, production equipment, fencing, irrigation equipment, grain storage and variety of other things. No rolling stock such as trucks or trailers are eligible.

We still have funds available within our COVID loan program as well. Virtually any use is permitted – real property acquisition, building construction, building rehabilitation, equipment purchases, working capital and others. Terms and interest rates are very flexible and attractive. Also, non-profits are eligible applicants.

Defederalization of the Revolving Loan Program

Mr. Bobrowski announced that the US Economic Development Administration (EDA) recently announced that it is allowing certain operators of local revolving loan funds to remove all federal restrictions and oversight over the operation of their loan fund. ETDD has a revolving loan fund that fits in that category. Our loan fund was capitalized with a \$562,500 grant from EDA that was matched by \$187,500 of agency funds for a total of \$750,000. Over the years we have turned this money over several times and have made 36 loans that provided a total \$5,365,617 to local small businesses. Despite turning the money over several times, EDA has always maintained a legal interest in the fund and we have to list the fund as restricted in our financial statements. We also have to submit semi-annual reports and comply with other regulatory requirements. EDA is now offering to relinquish its interest in our RLF program and we are very pleased at this prospect. There is simple resolution in everyone's packets – I'll just briefly highlight the major provisions. It basically states that we have successfully operated our RLF for over 7 years and intend to continue to operate the fund as a small business financing tool.

Mr. Chairman, a motion to needed to approve the resolution that is included in everyone's packet.

Roane County Executive Ron Woody made a motion to accept the resolution, it was seconded by Member at Large Ms. Evelyn Gill and it was approved by all.

Along those same lines, as I have expressed in the past, back in the summer we were awarded a capitalization grant by the US Economic Development Administration to establish a loan program to assist small businesses in our region. We have made two loans so far and now we have a third loan ready to close, and our program guidelines require that the Executive Committee ratify the loan. A lengthy resolution is included in everyone's packet. I will not take the time to read the resolution unless someone wants me to – it simply authorizes the loan to be made.

The purpose of this loan is to provide start up financing for a new chiropractic practice in Knoxville. This project will create 2 new full-time jobs. The project costs include the purchase of furniture, fixtures and equipment required to open the clinic along with computers, software and working capital. The total project costs are estimated to be \$136,920 with an allocation of \$48,580 for the FF&E described above and \$88,340 for working capital. The costs will be funded by an 80% loan for \$109,536 and an equity injection from Dr. Rucker for 27,384 or 20% of the costs. The working capital will pay for salaries, utilities, occupancy costs and ongoing operations for 8-9 months. The interest rate will be 5.5% and monthly.

This borrower has not been able to acquire bank financing due to the uncertainty of the COVID-19 impact on a new chiropractic practice. Doctors, dentists and other health professionals experienced reduced patient visits and revenues. This uncertainty has caused banks to increase the equity injection requirement which will impact the company's ability to open. The ETDD Cares Act-RLF loan program will allow the clinic to open and provide financial relief from the limiting financing terms available by providing a higher funding amount.

After a review of the credit analysis, the ETDD RLF loan committee met and is recommending this project for funding. Mr. Chairman, a motion to needed to approve the ratification resolution that is included in everyone's packet.

Anderson County Mayor Terry Frank made the motion to approve the ratification resolution, it was seconded by Member at Large Ms. Evelyn Gill and it was approved by all.

Agency Update

Mr. Bobrowski thought it might be of interest to the members to update everyone on the current condition of the agency. I am very pleased and proud to announce that the agency is in great shape and the new Director should be able to focus on his path forward rather than on any lingering issues that have not been addressed. Our fiscal health is excellent – we currently maintain about one year's worth of revenues in reserve – this provides us with sufficient cash to meet virtually any operational need and we have never had to utilize any sort of short-term borrowing in order to address cash flow needs. All of our audits have been clean – no findings and no recommendations of any significance. Our staff is stable, and for the most part, are very experienced in their respective program areas. The agency itself has a great standing in the region as evidenced by our membership collection history

– we have 72 jurisdictions that we serve – by far the most in the state – and we have a great record of almost uninterrupted 100% collections during our 55-year history. We also have a great reputation with our state and federal funding partners – we do things right in terms of complying with regulations, meeting goals and objectives and reporting. Many of our procedures developed in house are now used by these agencies as the standard for other development districts. This agency is strong, well positioned to meet the demands of the future, and capable of withstanding any temporary setbacks that might occur. I am very pleased to be able to hand off an organization that is built on a solid foundation and strongly supported by its membership.

Resignation

Mr. Bobrowski said “This is my last Executive Committee meeting. My first meeting was in March of 2002 and I have never missed a meeting since that time. I have served with literally thousands of local elected officials over that time and I greatly admire all of the folks that have chosen to serve the public as an elected official. It has been my pleasure and honor to serve ETDD and I wish everyone good health and much success in the future.”

Calendar Matters

One big change is that our Annual Business meeting for both ETDD and ETHRA have been re-scheduled from March 9th to May 11th at Rothchilds in Knoxville. We are hoping that this new schedule will allow us to have an in-person meeting. Rothchilds is definitely big enough to have social distancing in place and they have new serving procedures for their buffet.

Other Business

No other business.

ADJOURNMENT

With no other business, Chairman Trey Dykes entertained a motion to adjourn. Anderson County Mayor Terry Frank made the motion, it was seconded by Roane County Executive Ron Woody and it was approved by all.