TENNESSEE LOCAL DEVELOPMENT AUTHORITY
July 17, 2018

The Tennessee Local Development Authority (the Authority or TLDA) met on Tuesday, July 17, 2018, at 9:20 a.m. in the Conference Room G-11, Ground Floor, State Capitol, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury
Joy Harris, Proxy for The Honorable David Lillard, State Treasurer
Commissioner Larry Martin, Department of Finance and Administration

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108:

Mr. Pat Wolfe, Senate Appointee

The following members were absent:

The Honorable Bill Haslam, Governor
Dr. Kenneth Moore, House Appointee

Recognizing a physical quorum present, Mr. Hargett called the meeting to order, and asked Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Office of State and Local Finance to perform a roll-call:

Mr. Wolfe—Present
Mr. Martin—Present
Mr. Hargett—Present
Mr. Wilson—Present
Ms. Harris—Present

Mr. Hargett asked for a motion to approve the minutes of the June 19, 2018, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Mr. Hargett seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Aye
Mr. Martin—Aye
Mr. Hargett—Aye
Mr. Wilson—Aye
Ms. Harris—Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item was consideration of a request from the City of Memphis to issue Sanitary Sewerage System Revenue Refunding Bonds with an amount not to exceed $62,000,000 with a lien position senior to its outstanding State Revolving Fund (SRF) loan agreements. Mr. Hargett recognized Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Office of State and Local Finance to present the request. Ms. Thompson stated that the OSLF had conducted an analysis and determined that the City met the criteria set forth in the Policy and Guidance to issue debt senior to its current SRF loans outstanding. Ms. Thompson explained that just as the City had issued its prior pursuant to its Master Indenture and senior to their SRF loans, the proposed debt would be as well. She stated that the structure of the debt under the Indenture, the proposed debt would be issued with a lien position senior to its SRF loans. Ms. Thompson also stated that the City's current and projected debt

service coverage ratio exceeds the required 1.2 times, and that their unobligated state-shared taxes totaled $55,627,072. Mr. Wilson asked if the request met the criteria set forth in the TLDA's subordination policy. Ms. Thompson answered, affirmatively. Mr. Wilson questioned if this will result in a lower bond interest cost for the City of Memphis. Ms. Thompson confirmed that it should. Mr. Wilson asked if the City of Memphis was AA rated. Ms. Thompson responded Affirmatively. Mr. Wilson then asked Ms. Thompson if there was adequate debt service coverage to protect the SRF. Ms. Thompson stated that in the event coverage was not adequate, the City would be asked to increase its user rates. Mr. Wilson asked if the City's SRF loans are secured by a general obligation pledge with the full faith and credit of the City of Memphis. Ms. Thompson responded affirmatively.

Mr. Hargett made a motion to approve the request, and Mr. Wilson seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Aye
Mr. Martin—Aye
Mr. Hargett—Aye
Mr. Wilson—Aye
Ms. Harris—Aye

The motion was unanimously approved.

Mr. Hargett stated that the next item of business was consideration of approval for Clean Water State Revolving Fund loans (CWSRF). He asked Ms. Paula Mitchell, Deputy Director of Operations for the Tennessee Department of Environment and Conservation (TDEC) Division of Water Resources to present the requests. Ms. Mitchell first presented the unobligated fund balance. She stated the balance was $38,545,183 as of June 19, 2018. The balance increased a total of $13,253,975 due to loan decreases with a final balance of $51,799,158. Upon approval of the loan requests to be presented totaling $4,200,000, the funds available for loan obligations would be $47,599,158. She then described the loan requests:

- Goodlettsville (CG6 2018-419)—Requesting $1,000,000 ($900,000 (90%) loan; $100,000 (10%) principal forgiveness) for a city-wide sewer rehabilitation; recommended interest rate of 1.90% based on the Ability to Pay Index (ATPI).
- Goodlettsville (SRF 2018-420)—Requesting $3,200,000 for a city-wide sewer rehabilitation; recommended interest rate of 1.90% based on the ATPI.

Mr. Wilson made a motion to approve the loan, and Mr. Martin seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Aye
Mr. Martin—Aye
Mr. Hargett—Aye
Mr. Wilson—Aye
Ms. Harris—Aye

The motion was unanimously approved.

Hearing no other business, Mr. Hargett asked for a motion to adjourn. Mr. Wilson made a motion to adjourn, and Mr. Martin seconded the motion. Ms. Thompson performed a roll-call vote:

Mr. Wolfe—Aye
Mr. Martin—Aye
Mr. Hargett—Aye
Mr. Wilson—Aye
Ms. Harris—Aye

The meeting was adjourned.

Approved on this 20th day of August, 2018.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary