**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**
**September 21, 2016**

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Wednesday, September 21, 2016, at 1:45 p.m. in the Legislative Plaza, room LP-29, Nashville, 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
Ms. Whitney Goetz, 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 and as posted in the meeting notice:

Dr. Kenneth Moore, House Appointee

The following members were absent:

The Honorable Bill Haslam, Governor
Mr. Pat Wolfe, Senate Appointee

Recognizing a physical quorum present, Mr. Hargett called the meeting to order.

Mr. Hargett asked for a motion to approve the minutes of the August 11, 2016, TLDA meeting. Mr. Wilson made a motion to approve the minutes, and Mr. Martin seconded the motion.

The minutes were unanimously approved.[i]

Mr. Wilson asked Mr. Sherwin Smith, Director of the Tennessee Department of Environment and Conservation (TDEC) SRF program to present the requests for Drinking Water State Revolving Fund (SRF) loans. Mr. Smith first presented the unobligated fund balance. He stated the balance was $36,484,703 as of August 11, 2016. This balance increased a total of $16,977,507 from principal and interest repayments, interest earnings on funds held in the State Pooled Investment Fund, and the FY16 EPA capitalization grant (net of set-asides) along with the associated state-match dollars. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to $50,382,210. He then described the loan requests:

- South Elizabethton Utility District (DG5 2016-177)—Requesting $680,000 ($510,000 (75%) loan; $170,000 (25%) principal forgiveness) for waterline replacements and pump station improvements project; recommended interest rate of 0.19% based on the Ability to Pay Index (ATPI).

- First Utility District of Hawkins County (DG5 2016-181)—Requesting $1,000,000 ($750,000 (75%) loan; $250,000 (25%) principal forgiveness) for green water meter replacement; recommended interest rate of 0.53% based on the ATPI.

- First Utility District of Hawkins County (DWF 2016-184)—Requesting $1,400,000 for green water meter replacement; recommended interest rate of 0.53% based on the ATPI.

[i] Dr. Moore joined the meeting at approximately 1:46 p.m. via telephone. Mr. Hargett stated roll-call votes would now be required.

Mr. Hargett made a motion to approve the loans, and Mr. Martin seconded the motion. Mr. Hargett performed a roll-call vote:

Dr. Moore—Yes
Mr. Martin—Yes
Ms. Goetz—Yes
Mr. Wilson—Yes
Mr. Hargett—Yes

The motion was unanimously approved.

Mr. Hargett stated that the next item was a public hearing and consideration of a request for approval of the proposed TLDA SRF Policy and Guidance for Borrowers (the "Policy and Guidance"). He said that public comments were received and some revisions were made based on those comments. Mr. Hargett recognized Ms. Sandi Thompson, Director of the Office of State and Local Finance and Assistant Secretary to the TLDA, to present the item. Ms. Thompson stated that some changes were made and incorporated into the red-line version that was provided to members in the materials for the meeting. Ms. Thompson asked Ms. Alicia Scott, Program Accountant in the Office of State and Local Finance, to discuss the revisions:

Ms. Scott stated that the following revisions were made:

- The guidance for municipalities to issue additional debt was revised. The requirement for notification was removed in instances where municipal borrowers are issuing debt that will be secured by revenues other than water/wastewater revenues. For GO debt, the policy was revised to indicate that no approval from or notification to the TLDA is required unless the new debt will also be secured by water/wastewater revenues. In that case, the borrower would follow the guidance for revenue debt issuances.

- The section on Lien Position was revised to clarify that a Borrower may, along with their request for a loan from the SRF program, request that the lien position of new SRF loans be on parity with existing debt.

- The section on Consent to Modify Lien Position was revised and no longer refers to ad valorem taxes.

Mr. Hargett acknowledged staff's effort on the proposed Policy and Guidance and also said that the feedback provided by the public contributed to constructive revisions. Mr. Hargett made a motion to adopt the TLDA SRF Policy and Guidance for Borrowers as presented, which consolidated and revised all previous policies of the TLDA. This Policy and Guidance would be effective as of the date of this meeting. Mr. Martin seconded the motion. Mr. Wilson asked Mr. Hargett to verify if anyone present at this meeting wished to comment before the Authority voted. Mr. Hargett opened the floor for public comments, and there were none. Mr. Hargett performed a roll-call vote:

Dr. Moore—Yes
Mr. Martin—Yes
Ms. Goetz—Yes
Mr. Wilson—Yes
Mr. Hargett—Yes

The motion was unanimously approved.

Mr. Wilson made motion to adjourn, and Mr. Martin seconded the motion. Mr. Hargett performed a roll-call vote.

Dr. Moore—Yes

Mr. Martin—Yes
Ms. Goetz—Yes
Mr. Wilson—Yes
Mr. Hargett—Yes

The meeting was adjourned.

Approved on this 29th day of November, 2016.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary