

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**November 26, 2018**

The Tennessee Local Development Authority (the Authority or TLDA) met on Monday, November 26, 2018, at 2:15 p.m. in Hearing Room I, Cordell Hull Building, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided over the meeting<sup>i</sup>.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury  
 The Honorable David Lillard, State Treasurer  
 Commissioner Larry Martin, Department of Finance and Administration  
 Dr. Kenneth Moore, House Appointee

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and included in the meeting notice:

Mr. Pat Wolfe, Senate Appointee

The following member was absent:

The Honorable Bill Haslam, Governor

Recognizing a physical quorum present, Mr. Hargett called the meeting to order, and then proceeded to perform a roll-call:

Mr. Wolfe—Present  
 Dr. Moore—Present  
 Mr. Martin—Present  
 Mr. Lillard—Present  
 Mr. Wilson—Present  
 Mr. Hargett—Present

Mr. Hargett asked for a motion to approve the minutes of the August 20, 2018, TLDA meeting. Mr. Hargett made a motion to approve the minutes, and Mr. Martin seconded the motion. Mr. Hargett performed a roll-call vote:

Mr. Wolfe—Aye  
 Dr. Moore—Aye  
 Mr. Martin—Aye  
 Ms. Lillard—Aye  
 Mr. Wilson—Aye  
 Mr. Hargett—Aye

The minutes were unanimously approved.

Mr. Hargett stated that he would first like to discuss item number five on the agenda regarding late audit filings due to timing of fiscal year end. He recognized Mr. Jerry Durham, Assistant Director, Local Government Audit (LGA) to present the information. Mr. Durham asked if anyone had questions, and Mr. Hargett responded by asking what kind of issues could arise due to differences in fiscal year end, and where that would place the TLDA when presented with loan requests. Mr. Durham began by explaining that GASB Statement Number 68 addresses financial and

<sup>i</sup> Mr. Wilson subsequently presided over the meeting after Mr. Hargett's early departure.

accounting information for pensions, and that it requires pension liabilities to be recorded in the financial statements of all state and local governments. He also stated that Tennessee had a measurement date of June 30, and that it would not be able to change that date to accommodate those not filing at that time. Mr. Durham explained that with a measurement date other than June 30, the necessity of gathering information from a large state agency, the actuary report, and state audit opinion, as well as information from LGA as it relates to local governments gets complicated. He stated that even a small glitch in any part of the process could delay receiving necessary information in a timely manner. Mr. Durham noted that although the timeframe is getting better every year, some local governments have had to wait until the end of October to obtain required reports so that a CPA could give an opinion. Mr. Hargett said that the Authority requesting a local government to change its fiscal year end was probably not the ideal solution, but that this situation was something TLDA needed to be aware of. Mr. Durham agreed, and then stated that consideration of requests to the TLDA on a case-by-case basis would be best. Mr. Lillard commented that it would be better not to wait until the last minute to test census data and suggested that it be tested continually throughout the year. He asked Mr. Durham if it was possible to do what he was urging and what the board was encouraging. Mr. Durham responded affirmatively and stated that the timeline should get shorter over the next two or three years, eventually getting closer to the June 30 date.

Mr. Hargett stated that the next item on the agenda was notification submitted by Bluff City to comply with TLDA's SRF Policy & Guidance for Borrowers. He asked Ms. Sandi Thompson, TLDA Assistant Secretary and the Director of the Office of State and Local Finance (OSLF) to present the item. Ms. Thompson stated that the OSLF had received notification from Bluff City of its intent to issue debt to the United States Department of Agriculture (USDA), and that it would not be subordinate to the pledge of revenues on its current State Revolving Fund (SRF) loan. She stated that the notification is a requirement of the TLDA's SRF Policy & Guidance for Borrowers. No action was required.

Mr. Hargett stated that the next item was consideration of approval for an amendment to the financial advisor contract with Public Financial Management, Inc. Mr. Hargett stated that this was an extension to the contract, and that four members of the board were familiar with it since it was discussed in the State Funding Board meeting held earlier that day. A copy of the contract was included in the meeting materials.

Mr. Hargett made a motion to approve the amendment, and Mr. Wilson seconded the motion.

Mr. Hargett performed a roll-call vote:

Mr. Wolfe—Aye  
 Dr. Moore—Aye  
 Mr. Martin—Aye  
 Mr. Lillard—Aye  
 Mr. Wilson—Aye  
 Mr. Hargett—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 (CWSRF) loans. Ms. Leslie Gillespie-Marthaler introduced herself as the new Director of SRF for the Tennessee Department of Environment and Conservation (TDEC). Ms. Gillespie-Marthaler first presented the unobligated fund balance. She stated the balance was \$47,293,782 as of August 20, 2018. The balance increased a total of \$52,997,140 due to loan decreases, treasury interest, and prepayments, with a final balance of \$100,290,922. Upon approval of the loan requests to be presented totaling \$12,974,000, the funds available for loan obligations would be \$87,316,922. She then described the loan requests.<sup>ii</sup>

<sup>ii</sup> Mr. Hargett left the meeting.

- Hamilton County WWTa (CW7 2019-424) Requesting \$3,000,000 (\$2,700,000 (90%) loan; \$300,000 (10%) principal forgiveness for rehabilitation of the collection system in the Lookout Mountain Area; recommended interest rate of 2.35% based on the Ability to Pay Index (ATPI).
- Hamilton County WWTa (SRF 2019-425) Requesting \$2,474,000 for rehabilitation of the collection system in the Lookout Mountain Area; recommended interest rate of 2.35% based on the ATPI.
- Springfield (SRF 2019-422) Requesting 7,500,000 for collection system replacement (Installation of approximately 18,000 LF of 8-inch to 24-inch diameter sewer lines and 75 new manholes to address sanitary sewer overflows) and infiltration and inflow correction (Rehabilitation of approximately 3,900 linear feet of 18-inch diameter sewer by method of cured-in-place pipe and manhole rehabilitation, construction of a 4 million gallon (MG) wastewater storage tank at Carr Creek and a 5 MG wastewater storage tank at Sulphur Creek); recommended interest rate of 1.30% based on the ATPI.

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

Mr. Wolfe—Aye  
 Dr. Moore—Aye  
 Mr. Martin—Aye  
 Mr. Lillard—Aye  
 Mr. Wilson—Aye

The motion was unanimously approved.

Ms. Gillespie-Marthaler then presented the requests for Drinking Water SRF loans. She first presented the unobligated fund balance. She stated the balance was \$59,336,385 as of May 16, 2018. The balance increased a total of \$18,910,724 due to loan decreases, treasury interest, and prepayments with a final balance of \$78,247,109. Upon approval of the loan requests to be presented totaling \$3,732,300, the funds available for loan obligations would be \$74,514,809. She then described the loan requests:

- Ocoee Utility District (DW6 2019-210) Requesting \$1,000,000 (\$800,000 (80%) loan; \$200,000 (20%) principal forgiveness) for new water storage tank and water line replacements; recommended interest rate of 1.48% based on ATPI
- Ocoee Utility District (DWF 2019-211) Requesting \$1,799,300 for new water storage tank and water line replacements; recommended interest rate of 1.48% based on ATPI.
- Smith Utility District (DW6 2019-212) Requesting \$933,000 (\$746,400 (80%) loan; 186,600 (20%) principal forgiveness) for new water storage tank (WST) (replace existing grant water storage tank with a new 300,000-gallon WST; recommended interest rate of 0.79% based on ATPI.

Ms. Gillespie-Marthaler stated that Smith Utility District (the “District”) did not timely file its audit report for fiscal year ending December 31, 2017, and that it was one of the local governments with a different fiscal year end, which was previously discussed at the start of today’s meeting (Agenda #5). Mr. Wilson asked if the difference in fiscal year end was the only reason for the District’s late filing. Ms. Gillespie-Marthaler answered affirmatively that it was to the best of her knowledge, and Ms. Thompson concurred. Mr. Wilson then asked Ms. Gillespie-Marthaler if TDEC had a discussion with the District regarding the late filing of its audit report. She responded affirmatively and said that the District had routinely filed late for this reason.

Mr. Wilson made a motion to approve the loans, and Dr. Moore seconded the motion. Mr. Wilson performed a roll-call vote:

Mr. Wolfe—Aye  
 Dr. Moore—Aye  
 Mr. Martin—Aye  
 Mr. Lillard—Aye  
 Mr. Wilson—Aye

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The motion was unanimously approved.

Hearing no other business, Mr. Wilson asked for a motion to adjourn. Mr. Martin made a motion to adjourn, and Mr. Wilson seconded the motion. Detecting unanimous consent, Mr. Wilson adjourned the meeting.

The meeting was adjourned.

Approved on this 17<sup>th</sup> day of December, 2018.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is written in a cursive style with a large initial 'S'.

Sandra Thompson  
Assistant Secretary