

TENNESSEE STATE FUNDING BOARD
March 25, 2024

The Tennessee State Funding Board (the "Board") met on Monday, March 25, 2024, at 2:33 p.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason E. Mumpower was present and presided over the meeting.

The following members were also physically present:

The Honorable Tre Hargett, Secretary of State
The Honorable David H. Lillard, Jr., State Treasurerⁱ
Commissioner Jim Bryson, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established a quorum, Comptroller Mumpower called the meeting to order. Comptroller Mumpower, in accordance with Public Chapter 300 and Board guidelines, then asked Ms. Sandra Thompson, Director of the Division of State Government Finance ("SGF") and Assistant Secretary to the Board, if any requests for public comment had been received. Ms. Thompson responded that no requests had been received.

Comptroller Mumpower then presented the minutes from the meeting held on December 14, 2023, for consideration and approval. Commissioner Bryson made a motion to approve the minutes. Secretary Hargett seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Commissioner Stuart McWhorter, Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration, and Ms. Jessica Johnson, Assistant Commissioner of Administration and Operations, ECD, to present the "FastTrack Report to State Funding Board" (the "Report"). Ms. Johnson reported that, as of the date of the December 14, 2023, Board meeting, the FastTrack balance was \$674,370,340.36. Since that time, \$1,031,691.39 in funds had been deobligated; \$22,979,056.45 in funds had been transferred out of FastTrack; \$32,049,653.00 in new grants or loans greater than \$750,000.00 had been approved; \$6,671,083.00 in new grants or loans less than \$750,000.00 had been approved; and \$767,477.19 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$612,934,762.11 as of the date of the Report. Ms. Johnson reported that total commitments had been made in the amount of \$548,164,124.91, or 89.4% committed, and resulted in an uncommitted FastTrack balance of \$64,770,637.20. Ms. Johnson reported that the amount of proposed grants for projects to be considered at this meeting totaled \$10,258,887.00, and if these projects were approved, the uncommitted balance would be \$54,511,750.20, with a total committed balance of \$558,423,011.91, which represented 91.1% of the FastTrack balance.

ⁱMember was not present for approval of the minutes from the December 14, 2023, meeting.

Commissioner McWhorter then presented the following FastTrack projects:

- **Bridgetown Natural Foods, LLC – Mount Juliet (Wilson County)**
FastTrack Job Training Assistance Grant \$ 1,314,000.00
- **Schneider Electric USA, Inc. – Smyrna (Rutherford County)**
FastTrack Job Training Assistance Grant \$ 400,000.00
- **Schneider Electric USA, Inc. – Mount Juliet (Wilson County)**
FastTrack Economic Development Grant \$3,000,000.00
- **AYM Inc. – Bristol (Sullivan County)**
FastTrack Economic Development Grant \$ 900,000.00
- **Schoals Technologies Group, LLC. – Portland (Sumner County)**
FastTrack Job Training Assistance Grant \$2,499,887.00
- **A.O. Smith Corporation – Ashland City (Cheatham County)**
FastTrack Job Training Assistance Grant \$ 520,000.00
- **Nokian Tyres U.S. Operations LLC – Dayton (Rhea County)**
FastTrack Job Training Assistance Grant \$1,625,000.00

Secretary Hargett made a motion to approve the projects, and Commissioner Bryson seconded the motion. The Board member packets included letters and FastTrack checklists signed by Commissioner McWhorter, and incentive acceptance forms signed by company representatives. Comptroller Mumpower then inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Commissioner McWhorter responded affirmatively. Comptroller Mumpower then inquired if checklists had been completed for each project, and Commissioner McWhorter responded affirmatively. Comptroller Mumpower then inquired if all the projects included accountability agreements which would provide protections for the state in the event the entity could not fulfill the agreement, and Commissioner McWhorter responded affirmatively. Hearing no other discussion, Comptroller Mumpower took the vote, and the motion was unanimously approved.

Comptroller Mumpower then recognized Mr. William Wood, Financial Analyst, Tennessee Comptroller of the Treasury, who presented the staff analysis of “An Economic Report to the Governor of the State of Tennessee” (the “Economic Report”). Mr. Wood stated that pursuant to state law, Tenn. Code Ann. § 9-4-5201, the Board’s staff is directed to comment on the reasonableness of the estimates concerning the rate of growth of Tennessee’s economy from the Tennessee econometric model published by the University of Tennessee’s Boyd Center for Business and Economic Research (“CBER”) in its annual Economic Report. Mr. Wood stated that this was accomplished by comparing forecasts of the leading economic indicators in the Economic Report with economic forecasts made by other governmental and non-governmental organizations. Mr. Wood then stated that based on this review, the Economic Report’s forecasted estimates of Tennessee nominal personal income growth of 5.60% for fiscal year 2024, 5.09% for calendar 2024, and 4.98% for calendar year 2025, were not unreasonable.

Comptroller Mumpower stated that upon receiving the report, the Board shall make comments relating to the reasonableness of the estimate, including any different estimate the Board deems necessary.

Comptroller Mumpower asked the Board members if they had any comments. Hearing none, he then stated that the Board shall also enclose a list identifying state-tax and non-tax revenues sources, approved by the Attorney General. Comptroller Mumpower further stated that the list was included in the Board members' packets as well as a letter from CBER detailing Tennessee personal income data. No further action was necessary.

Comptroller Mumpower then recognized Mr. Steve Osborne, Assistant Director of the Division of Local Government Finance ("LGF"), to report on the "Second Notice of Default of Conduit Financing Debt Obligation by the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County, Tennessee" (the "IDB"). Mr. Osborne reported that the IDB filed a notice of default in connection with insufficiency of funds for its Series 2015 Tax Increment Revenue Bonds (the "Bonds") for the Bellevue Mall Project. Mr. Osborne further stated that this was the IDB's second notice of default on the Bonds. Mr. Osborne reported that sufficient funds were not available to fund the scheduled December 1, 2023, interest payment and although funds were drawn from the debt service reserve fund (DSRF), the funds in the DSRF were not sufficient to meet the interest payment amount due, leaving a deficit of \$395,404.85 on the payment. Mr. Osborne further stated that the IDB reported that incremental revenues may be insufficient to fund future debt service payments. Mr. Osborne pointed out that failure to make payments on the Bonds when tax incremental financing revenues were insufficient does not trigger a default under the bond indenture. Comptroller Mumpower noted that when the Board previously heard repeat instances of default, the Board had requested that an attorney representing the entity present a report at a meeting of the Board. Comptroller Mumpower requested that if any member would like someone to present to the Board on the Bellevue Mall Project to notify Ms. Thompson.

Mr. Osborne then provided an update on the status of debt service payments for the Economic Development Growth Engine Industrial Development Board of Memphis and Shelby County ("EDGE"). Mr. Osborne reported that the January 1, 2024, interest payments on the Graceland 2017 Series A through D bonds had been paid. Mr. Osborne further stated that payment was made in full on the \$720,000 principal payment that had been due on July 1, 2023. The Board acknowledged the report.

Comptroller Mumpower then recognized Ms. Thompson to present the "State of Tennessee Cash Management Improvement Act Annual Report State Fiscal Year 2023" (the "Report"). Ms. Thompson stated that the Board members had received a copy of the Report earlier in the year and that the Report was included in the members meeting packet for their review. Ms. Thompson requested that the Board acknowledge receipt of the Report. The Board acknowledged receipt of the Report.

Comptroller Mumpower observed no further business to come before the Board and requested a motion to adjourn. Treasurer Lillard made a motion to adjourn the meeting, and Commissioner Bryson seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this 14th day of May 2024.

Respectfully submitted,


Sandra Thompson,
Assistant Secretary

