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## Tennessee State Funding Board Guidelines Debt Reporting by Public Entities

### I. Background

Public Chapter 6, Acts of 2019 (“Act”) promotes transparency by requiring Public Entities to disclose financial obligations, including bank loans, and events of default in accordance with Securities and Exchange Commission (“SEC”) Rule 15c2-12 and guidelines approved by the State Funding Board (“Board”) for events of default. Public Entities with publicly-traded debt are required by the Act to report financial obligations and defaults or other events which reflect financial difficulties on the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board (“MSRB”). Public Entities, that do not issue publicly-traded debt, are required to report events of default to the Office of the Comptroller of the Treasury in accordance with these Guidelines adopted by the State Funding Board on June 27, 2019.

### II. Reporting

The Act requires a Public Entity with publicly-traded debt that is subject to any post February 27, 2019 Continuing Disclosure Agreement (“CDA”) to ensure notice of financial obligations and events of default as described in Sections 3 of these Guidelines be reported within ten (10) business days of the event’s occurrence on the MSRB’s EMMA website in accordance with the requirements of SEC Rule 15c2-12. These Guidelines require the reporting be performed as prescribed by the Public Entity’s CDA, SEC Rule 15c2-12, and instructions found on the MSRB’s EMMA website (<https://emma.msrb.org>).

The Act requires a Public Entity that has no outstanding publicly-traded debt to report events of default to the Comptroller’s Office within ten (10) business days of the event’s occurrence. The reporting format and method of delivery will be as prescribed by the Comptroller’s Office.

Compliance by an industrial development corporation (“IDC”) incorporated pursuant to Title 7, Chapter 53 of the T.C.A. with the Board’s Guidelines for Debt Reporting by IDCs as to notices of default will be deemed compliance with these Guidelines.

In the case of Financial Obligations issued or incurred by a public building authority (“PBA”) incorporated pursuant to Title 12, Chapter 10 of the T.C.A. to provide capital financing for a Public Entity other than the PBA, the portion of the guidelines related to the reporting of Events of Default shall apply to the Public Entity and not the PBA.

### III. Reporting Items

The form shall require the Public Entity to report an Event of Default within ten (10) business days of the event, clearly describing the Financial Obligation and include a copy of the underlying documents (such as a loan agreement or similar documents for a Debt Obligation and the ISDA Agreements for derivatives).

### IV. Definitions

- A. "Public Entity" - means the State, a state agency, a local government, a local government instrumentality, or any other authority, board, district, instrumentality, or entity created by the State, a state agency, local government, a local government instrumentality, or combination, thereof.
- B. "Financial Obligation" - means a
  - 1. Debt Obligation;
  - 2. derivative instrument entered in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
  - 3. a guarantee of (A) or (B).
  - 4. The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with 17 CFR 240.15c2-12 under the Securities and Exchange Act of 1934.
- C. "Debt Obligation" - means a Public Entity's debt, debt-like and debt related obligations (including lease arrangements that facilitate financings) but does not include a Public Entity's ordinary financial and operating liabilities incurred in the normal course of the Public Entity's business.
- D. "Derivative" - means an interest rate agreement, as defined in TCA § 9-22-103, and such other transactions related to Debt Obligations as identified by the Board.
- E. "Event of Default" - means default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of a Public Entity, any of which reflect financial difficulties.
- F. "Name of Financial Obligation" – means the name of the Financial Obligation as reported on the official statement or offering memorandum, loan document, or as reported in the financial statements.
- G. "Type of Financial Obligation" - means bond, note, lease, loan agreement, derivative, guarantee or other description of Financial Obligation.
- H. "Authorized Representative" – means the Chief Executive Officer for the Public Entity.

I. “Preparer” – means the individual who fills out the form.

*Approved by the State Funding Board at its meeting on June 27, 2019*