

TENNESSEE STATE FUNDING BOARD
JUNE 23, 2015
AGENDA

1. Call meeting to order
2. Approval of minutes from the May 26, 2015, State Funding Board meeting
3. Report from the Department of Economic and Community Development (ECD) for approval of funding for the following projects:
 - **Project Universe – TBA FastTrack**
Economic Development \$1,074,000
 - **Project Crown - TBA**
FastTrack Economic Development \$2,000,000
 - **Nissan North America – Decherd (Franklin Co.)**
FastTrack Infrastructure Development \$ 228,000
4. Presentation of the Tennessee Housing Development Agency’s Schedule of Financing for Fiscal Year 2015-16 and request for approval
5. Tennessee Consolidated Retirement System (TCRS) affirmation of Standby Commercial Paper Agreement
6. Acceptance and approval of fees for the Standby Letter of Credit between TCRS and the State Funding Board; authorization of staff to prepare a document reflecting the same; and delegation to the Secretary to execute such document
7. Approval of a “Resolution Allocating Funds to Defray a Portion of the Cost of Highway Bridge Construction Projects and to Cancel a Like Amount of Bonds Authorized for That Purpose”
8. Approval of a “Resolution Certifying and Authorizing the Allocation of Funds to the Sinking Fund for the 2015-16 Fiscal Year”
9. Approval of a “Resolution Authorizing the Issuance of General Obligation Bonds of the State of Tennessee”
10. Approval of a “Resolution Allocating Funds to Defray a Portion of the Cost of Highway Construction Projects and to Cancel a Like Amount of Bonds Authorized for That Purpose”
11. Approval of a “Resolution Canceling \$7,000,000 of Authorized Bonds”
12. Consideration and Approval of the Other Post Employment Benefits Trust for the Germantown Board of Education
13. Adjourn

TENNESSEE STATE FUNDING BOARD
May 26, 2015

The Tennessee State Funding Board (the "Board") met on Tuesday, May 26, 2015, at 1:00 p.m., in the Executive Conference Room, Ground Floor, Tennessee State Capitol, Nashville, Tennessee. The following members were present:

The Honorable Tre Hargett, Secretary of the State of Tennessee
The Honorable Justin Wilson, Comptroller of the Treasury
The Honorable David Lillard, State Treasurer
Commissioner Larry Martin, Department of Finance and Administration

The following members were absent:
The Honorable Bill Haslam, Governor

Seeing a physical quorum present Mr. Wilson called the meeting to order and asked for approval of the minutes from the April 15, 2015, Board meeting. Mr. Hargett made a motion to approve the minutes. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Mr. Allen Borden, Assistant Commissioner, Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Senior Financial Advisor, ECD, to present the FastTrack funding report. Mr. VanderMeer reported that, as of the date of the last Board meeting, the FastTrack balance was \$102.5 million and since that time \$15 million in new appropriations for fiscal year 2014-15 were approved and \$4.4 million in new loans were approved, which left an adjusted FastTrack balance available for funding grants or loans of \$113.1 million as of this meeting. Mr. VanderMeer reported that there were \$88.4 million in commitments, leaving an uncommitted FastTrack balance of \$24.7 million. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$14.4 million, and if these projects were approved, the uncommitted balance would be approximately \$10.3 million, or 90.9% of FastTrack funds committed.

Mr. Borden stated that the projects under consideration needed to be considered by the Board because state law required that FastTrack projects in amounts exceeding \$750,000 per eligible business within any three-year period be reviewed and approved by the Board. Mr. Borden then presented the following FastTrack projects:

- **Cirrus Design Corporation – Maryville (Blount Co.)**

FastTrack Economic Development	\$1,249,000.00
FastTrack Job Training Assistance	\$ 901,000.00

- **Community Health Systems Professional Services Corporation – Nashville (Davidson Co.)**

FastTrack Economic Development	\$6,750,000.00
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- **The Lampo Group, Inc. – Brentwood (Williamson Co.)**

FastTrack Job Training Assistance	\$1,279,600.00
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- **FICOSA North America – Cookeville (Putnam Co.)**

FastTrack Economic Development	\$2,272,600.00
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- **Amazon.com.dedc, LLC – Cleveland (Bradley Co.)**
FastTrack Job Training Assistance \$ 38,500.00

- **Volkswagen Group of America, Inc. – Chattanooga (Hamilton Co.)**
FastTrack Infrastructure Development \$1,927,339.81

Mr. Wilson stated that the Board received a signed letter from Mr. Randy Boyd, Commissioner of ECD, which stated that the projects met all the statutory requirements; a FastTrack Checklist was completed and signed by Mr. Boyd for the projects under consideration. Mr. Wilson inquired if the information contained in the letter and checklists was true and correct. Mr. Borden responded affirmatively. Commissioner Martin made a motion to approve the FastTrack grants for the projects presented. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for consideration and approval a revised Other Post Employment Benefit (OPEB) Trust for the City of Elizabethton and a new OPEB Trust for Middle Tennessee Natural Gas Utility District. Mr. Wilson commented that both OPEB Trusts met all the requirements and appeared to be in order. Mr. Wilson made a motion to approve the two OPEB Trusts presented. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Wilson then discussed with the Board members the need to consider the scheduling of upcoming Board meetings, especially the meetings to discuss revenue estimates. Mr. Wilson also mentioned the possibility of a bond issuance in the fall of 2015 and that following this bond issuance, the Board might want to consider sending out a Request for Proposal (RFP) for bond counsel.

After requesting other business and hearing none, Mr. Wilson adjourned the meeting.

Approved on this _____ day of June 2015.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

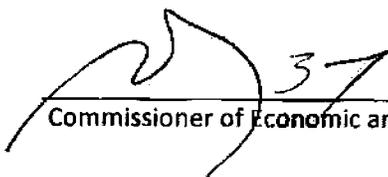
FastTrack Report to State Funding Board

6/11/2015

1. Previous FastTrack Balance, as of Last Report	113,139,244.62
2. + New Appropriations:	0.00
3. + Newly Deobligated Funds:	3,000,000.40
4. + Funds Transferred to FastTrack:	0.00
5. - Funds Transferred from FastTrack:	0.00
6. - FastTrack Grants or Loans Approved Greater Than \$750,000:	0.00
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(1,374,500.00)
8. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:	114,764,745.02
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9. Total Amount of Commitments:	101,389,160.35
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10. Uncommitted FastTrack:	13,375,584.67
11. Percentage Committed:	88.3%
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12. Amount of Proposed Grants or Loans:	3,302,000.00
13. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:	10,073,584.67
14. Percentage Committed:	91.2%

See next page for explanations of the above questions.

I have reviewed the above and believe it to be correct:

 37
 Commissioner of Economic and Community Development

Date: 6-11-15



DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

RANDY BOYD
COMMISSIONER

BILL HASLAM
GOVERNOR

June 11, 2015

Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

The Department of Economic & Community Development (the "Department") seeks approval by the State Funding Board (the "Board") pursuant to T.C.A. § 4-3-717(a) authorizing FastTrack infrastructure, training and economic development grants where there is a commitment by an eligible business to create or retain private sector jobs or engage in private investment or where the Commissioner of Economic and Community Development determines that such investment will have a direct impact on employment and investment opportunities in the future. The following projects meet the statutory requirements and the Department presents these projects to the Board pursuant to the mandates of T.C.A. § 4-3-717(e), which requires approval of grants and loans under the FastTrack Infrastructure Development Program, the FastTrack Job Training Assistance Program, and the FastTrack Economic Development Program that exceed \$750,000 per eligible business within a three (3) year period.

1. UBS AG – Franklin (Williamson County)

UBS AG is a global leader in the financial service industry. This division will be provide financial services for their customers in the US. The Company will have an average wage rate of \$28.91 per hour for the new positions.

UBS AG has committed to create 358 new jobs and to make a \$11,190,791 capital investment within five years.

FastTrack Economic Development Program funds will be used to assist the project with construction and improvements for the new expansion in Williamson County. **(\$1,074,000)**

Total FastTrack funds for this project - \$1,074,000

2. Royal Mouldings Limited – Bristol (Sullivan County)

Royal Mouldings Limited is a major manufacturer of PVC building products. The company plans to expand their Bristol, Tennessee operation. The Company will have an average wage rate of \$20.78 per hour for the new positions.

Comptroller Justin Wilson
June 11, 2015
Page 2

Royal Mouldings Limited has committed to create 328 new jobs and to make a \$48,500,000 capital investment within five years.

FastTrack Economic Development Program funds will be used to assist the project with land acquisition, construction and improvements for the new expansion in Sullivan County.
(\$2,000,000)

Total FastTrack funds for this project - \$2,000,000

3. Nissan North America – Decherd (Franklin County)

Nissan North America is a major manufacturer of engines and drive trains. The company plans to expand their Decherd operation. The manufacturing operation will increase its engine production and will add new engines to their production lines. The Company will have an average wage rate of \$22.31 per hour for the new positions.

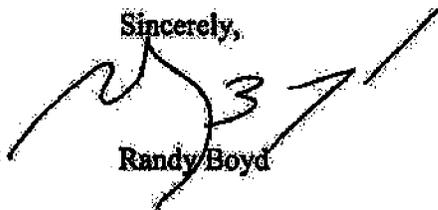
Nissan North America has committed to create 50 new jobs and to make a \$190,970,000 capital investment within five years.

FastTrack Infrastructure Development Program funds will be used to assist the project with new and expanded water lines in Franklin County. **(\$228,000)**

Total FastTrack funds for this project - \$228,000

In conclusion, I would like to thank the Board for its assistance and continued support of ECD as we strive to create job opportunities for the citizens of our State.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randy Boyd', is written over the typed name. The signature is stylized and somewhat cursive.

Randy Boyd

RB:ptf



DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

RANDY BOYD
COMMISSIONER

BILL HASLAM
GOVERNOR

June 11, 2015

Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the Industrial Development Board of Williamson County for the benefit of UBS AG in the amount of \$1,074,000 to assist the company with construction and improvements for the new facility. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of new jobs and substantial capital investment. UBS AG has committed to create 358 new jobs and to make a \$11,190,791 capital investment within five years. The company will have an average wage of \$28.91 per hour for the new positions. This project will have an exceptional impact on this area of the State.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Boyd", with a large flourish extending to the right.

Randy Boyd



May 18, 2015

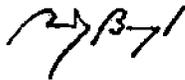
UBS AG
Ms. Rena Martinolich
1285 Avenue of the Americas
New York, New York 10019

Dear Ms. Martinolich,

Please sign and date the following, as this letter serves as notice that as of the date hereof UBS AG intends, in good faith, to create 358 private sector jobs and make a capital investment of \$11,190,791 in Williamson and Davidson Counties, Tennessee in exchange for incentives that will be memorialized in a grant agreement between UBS AG and the State of Tennessee.

Signature:  Date: 5/20/15
Signature:  Date: 5/20/15

Thank you,



Randy Boyd, Commissioner, Tennessee Department of Economic and Community Development

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	Industrial Development Board of Williamson County	\$1,074,000	
TOTAL		\$1,074,000	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary (for training only).)

*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): UBS AG

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). Yes No
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)? Yes No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)? Yes No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)? Yes No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

TRAINING

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)? Yes No
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)? Yes No

INFRASTRUCTURE

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)? Yes No
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)? Yes No

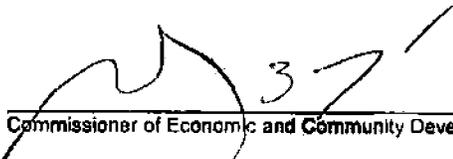
Applicant must answer "Yes" to a or b.

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

ECONOMIC DEVELOPMENT

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)? Yes No
- 15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)? Yes No
- 16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. Yes No
- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.

I have reviewed this document and believe it to be correct.



Commissioner of Economic and Community Development

6-11-15

Date



DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

RANDY BOYD
COMMISSIONER

BILL HASLAM
GOVERNOR

June 11, 2015

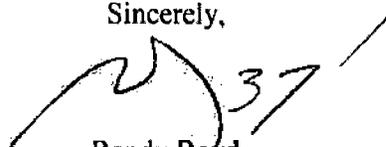
Comptroller Justin Wilson
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Wilson:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding an Economic Development Grant to the Industrial Development Board of the City of Bristol, Tennessee for the benefit of Royal Mouldings Limited in the amount of \$2,000,000 to assist the company with land acquisition, construction and improvements for the new facility. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on the community due to the number of new jobs and substantial capital investment. Royal Mouldings Limited has committed to create 328 new jobs and to make a \$48,500,000 capital investment within five years. The company will have an average wage of \$20.78 per hour for the new positions. This project will have an exceptional impact on the northeast area of the State.

Sincerely,



Randy Boyd



**Economic
& Community
Development**

May 13, 2015

Royal Mouldings Limited
Jamie Hunigan,
328 Industrial Dr.
Bristol, TN 37620

Dear Mr. Hunigan,

Please sign and date the following, as this letter serves as notice that Royal Mouldings Limited intends, in good faith, to create 328 private sector jobs and make a capital investment of \$48,500,000 in Sullivan County, Tennessee in exchange for incentives that will be memorialized in a grant agreement between Royal Mouldings Limited and the State of Tennessee.

Signature: Jamie W. Hunigan Date: 6-4-15

Thank you,

Randy Boyd

Randy Boyd, Commissioner, Tennessee Department of Economic and Community Development

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	Industrial Development Board of the City of Bristol, Tennessee	\$2,000,000	
TOTAL		\$2,000,000	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Royal Mouldings Limited

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). Yes No
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)? Yes No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)? Yes No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)? Yes No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

TRAINING

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)? Yes No
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)? Yes No

INFRASTRUCTURE

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)? Yes No
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)? Yes No

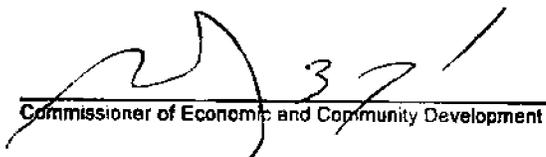
Applicant must answer "Yes" to a or b.

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

ECONOMIC DEVELOPMENT

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)? Yes No
- 15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)? Yes No
- 16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. Yes No
- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.

I have reviewed this document and believe it to be correct.


Commissioner of Economic and Community Development

6-11-15
Date

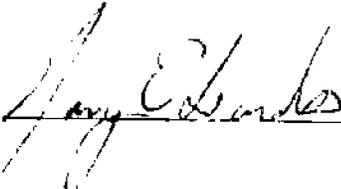


May 12, 2015

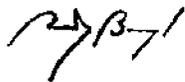
Nissan North America, Inc.
Mr. Gary Edwards
520 Nissan Powertrain Drive
Dechard, TN 37324

Dear Mr. Edwards,

Please sign and date the following, as this letter serves as notice that Nissan North America, Inc. intends, in good faith, to create 50 private sector jobs and make a capital investment of \$190,970,000 in Franklin County, Tennessee in exchange for incentives that will be memorialized in a grant agreement between Nissan North America, Inc. and the State of Tennessee.

Signature:  Date: 5-21-15

Thank you,



Randy Boyd, Commissioner, Tennessee Department of Economic and Community Development

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE	Franklin County	\$228,000	
TRAINING*			
ECONOMIC DEVELOPMENT			
TOTAL		\$228,000	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary (for training only).)

*ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Nissan North America, Inc.

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)?
If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). Yes No
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)? Yes No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)? Yes No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)? Yes No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

TRAINING

- 7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)? Yes No
- 8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)? Yes No

INFRASTRUCTURE

- 9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)? Yes No
- 10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
- 11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)? Yes No

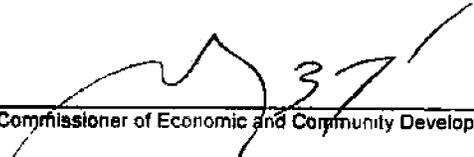
Applicant must answer "Yes" to a or b.

- 12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

ECONOMIC DEVELOPMENT

- 13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
- 14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)? Yes No
- 15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)? Yes No
- 16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. Yes No
- 17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation.

I have reviewed this document and believe it to be correct.


Commissioner of Economic and Community Development

6-11-15
Date



Tennessee Housing Development Agency

Andrew Jackson Building, Third Floor
502 Deaderick Street, Nashville, TN 37243

Bill Haslam
Governor

Ralph M. Perrey
Executive Director

MEMORANDUM

DATE: May 28, 2015
TO: Sandi Thompson
FROM: Lynn Miller *LEM*
SUBJECT: Tennessee Housing Development Agency
Schedule of Financing for Fiscal Year 2015-2016

Pursuant to Tennessee Code Annotated Section 13-23-120(e)(1), I am attaching herewith THDA's Schedule of Financing for the referenced fiscal year. This Schedule of Financing was approved by the Bond Finance Committee of THDA at its meeting on May 13, 2015, and by THDA's Board of Directors at its meeting on May 19, 2015.

In addition to the bond issues shown on the Schedule of Financing, I want to call attention to a line of credit THDA is seeking. THDA is engaging in a request for proposal process to identify potential providers for a \$25,000,000 line of credit that THDA will use to purchase FHA foreclosed loans to general bond interest expense savings.

The above-referenced statutory section requires that this Schedule of Financing be submitted to the State Funding Board. I am, therefore, requesting that you place this item on the agenda for the meeting of the State Funding Board meeting scheduled on June 23, 2015.

Should you have any questions or comments, please feel free to call.

LEM/ds

Attachment

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF FINANCING
FISCAL YEAR 2015-2016
SUMMARY

The Tennessee Housing Development Agency ("THDA") is required, under Tennessee Code Annotated Section 13-23-120(e)(1), to submit a schedule to the State Funding Board showing financings proposed for the fiscal year. The proposed schedule for fiscal year 2015-2016 is attached.

Total amount of bonds or notes reflected on Schedule of Financing for Fiscal Year 2015-2016:	\$ 327,000,000
Total amount of bonds reflected on schedule, designed to produce proceeds for mortgage loans:	\$ 251,000,000
Total amount of bonds or notes reflected on schedule related to refunding (not expected to produce proceeds for mortgage loans this fiscal year):	\$ 76,000,000

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF FINANCING
FISCAL YEAR 2015-2016

ISSUE 2015-2 - RESIDENTIAL FINANCE PROGRAM BONDS – REFUNDING/NEW VOLUME CAP
September 2015

Sources of Funds

Proceeds of the Issue	\$ 163,500,000
-----------------------	----------------

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 163,500,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)

\$ THDA contribution, or no more than 1% of
bond proceeds, or a combination thereof

ISSUE 2016-1 - RESIDENTIAL FINANCE BONDS – REFUNDING/NEW VOLUME CAP
May 2016

Sources of Funds

Proceeds of the Issue	\$ 163,500,000
-----------------------	----------------

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 163,500,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)

\$ THDA contribution, or no more than 1% of
bond proceeds, or a combination thereof

Single Family Bonds Sold in FY 2014-2015

	\$ 150,000,000	Issue 2014-2 Residential Finance Program Bonds, dated November 20, 2014
	\$ 163,850,000	Issue 2015-A Housing Finance Program Bonds, expected May 28, 2015
	\$ 150,000,000	Issue 2015-1 Residential Finance Program Bonds, expected June 11, 2015
TOTAL	<u>\$ 463,850,000</u>	(includes approximately \$208,000,000 in refundings)

Multifamily Bonds Sold in FY 2014-2015 \$ 0

**Volume Cap Used by Local Issuers
For Multi-Family Housing in 2014** \$ 25,075,000 From THDA's 2014 Volume Cap Allocation

**Volume Cap Available to Local Issuers
For Multi-Family Housing in 2015** \$ 150,000,000 From THDA's 2015 Volume Cap Allocation

ASSUMPTIONS

1. A bond issue may include any structure authorized by the Board and approved by the Bond Finance Committee, including, without limitation, convertible option bonds, short term notes, variable rate debt, taxable debt, planned amortization class bonds.
2. Dates of bond issues are based on estimated absorption of available funds and expected need for additional funds for four to six months, subject to the actual rate at which mortgage loans are currently being financed.
3. THDA anticipates taking the maximum spread allowed under federal law for each bond issue, which is 112 basis points. The maximum spread could, however, be reduced based on program requirements at the time of sale. Mortgage interest rates could be further subsidized.
4. THDA anticipates future bonds will be issued under the 2013 General Resolution to continue to reduce the moral obligation of the state for THDA bonds.
5. The volume cap assumption is that 35% of the annual total tax-exempt bond authority amount available in Tennessee is made available to THDA at the beginning of each calendar year. This is the allocation to THDA for all tax-exempt housing bond issuance in the state in the current Department of Economic and Community Development plan. For bond issues in calendar year 2015, volume cap carried forward from 2012 will be used. THDA currently has \$548,834,500 in 2012 carried forward volume cap available. For bond issues in calendar year 2016, volume cap THDA carried forward from 2013 will be used. THDA currently has \$593,169,126 in 2013 carried forward volume cap available.
6. A THDA contribution may be made with each bond issue as needed to over-collateralize the bond issue for the benefit of THDA borrowers and to ensure that the maximum amount of bond proceeds is used to fund mortgage loans. The amount and source of the THDA contribution is determined at the time it is needed. The amount of the contribution, if needed, is based on the structure of the bond issues, an analysis of debt service requirements of the general resolution under which the bonds are issued, the fee paid to underwriters and an estimate of other costs of issuance expected to be incurred. The source of such THDA contribution is funds available for such purpose under the 2013 General Resolution, 1985 General Resolution or the 2009 General Resolution.



TREASURY DEPARTMENT

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

P.O. BOX 192867

NASHVILLE, TN 37219-2867

To: Justin P. Wilson, Comptroller – Secretary, State Funding Board

From: Michael Brakebill, Chief Investment Officer

A handwritten signature in black ink, appearing to read "M Brakebill".

Date: June 12, 2015

Subject: Liquidity Guarantee Fee Schedule

The purpose of this memo is to propose the fee structure in place for TCRS's liquidity guarantee. This fee structure is reviewed and updated annually and is modified based on market conditions for comparable guarantee programs.

Under last year's agreement, TCRS was reimbursed 25 basis points for providing the Liquidity Guaranty while the State carried a rating of AAA/AA. There have not been any funding requests in the history of providing back-up support to the Funding Board. Market conditions for liquidity support agreements have been stable for the last few years but changing regulatory requirements have reduced their use.

Treasury staff reviewed information on the rate for one year high quality General Obligation bonds and surveyed high quality domestic banks that provide this service. Based on this review of market conditions, I would like to propose a rate of 30 basis points for ratings of AAA by Moody's or Standard and Poor's, 45 basis points for AA, and 70 basis points A or below.

This recommendation is assuming that the fees will apply beginning June 30, 2015 through June 30, 2016. A review will then be conducted in June, 2016 to establish the fee schedule for the next fiscal year. It is further provided that the liquidity commitment for fiscal 2016 shall not exceed \$350 million.

If you have any questions, please call me at 532-1157.

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATE OF TENNESSEE**



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

JOY HARRIS
CHIEF OF STAFF

MICHAEL BRAKEBILL
CHIEF INVESTMENT OFFICER

JILL BACHUS
DIRECTOR OF TCRS

May 20, 2015

The Honorable Justin Wilson
Secretary of the Funding Board
Comptroller of the Treasury
State Capitol, 1st Floor
Nashville, TN 37243

Dear Comptroller Wilson:

The Tennessee Consolidated Retirement System ("TCRS") has entered into a contract (the "Contract") with the State Funding Board to serve as a standby purchaser under the State's commercial paper program. The Contract expires on July 1, 2016.

Either party may terminate the Contract by giving notice to the other party at least the longer of (i) ninety (90) calendar days or (ii) the remaining number of calendar days to maturity of any then-outstanding commercial paper plus one (1) calendar day. TCRS does not presently plan to terminate the Contract at any time prior to July 1, 2016.

Tennessee Code Annotated, Section 8-37-104 (a)(8) authorizes TCRS to serve as a standby note purchaser. The Board of Trustees (the "Board") of TCRS has adopted a provision in the investment policy of TCRS (the "Policy") authorizing TCRS to enter into such contracts.

Pursuant to the powers accorded it in Tennessee Code Annotated, Section 8-37-110 and in the Policy, the Board has delegated implementation of the Policy to the Treasurer. The Policy further provides that the Treasurer has delegated certain responsibilities to the Chief Investment Officer of TCRS, including the power to invest and reinvest the assets of TCRS.

Accordingly, I have the authority to issue this letter on behalf of TCRS.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Brakebill".

Michael Brakebill, CFA
Chief Investment Officer



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-9034
(615) 741-2501

Justin P. Wilson
Comptroller

June 15, 2015

Mr. Michael Brakebill
Chief Investment Officer
Tennessee Consolidated Retirement System
Nashville, TN 37243

Dear Mr. Brakebill:

The Tennessee Consolidated Retirement System ("TCRS") has entered into a contract (the "Contract") with the State of Tennessee (the "State"), acting by and through the State Funding Board, to serve as a standby purchaser under the State's commercial paper program. The Contract expires on July 1, 2016.

Either party may terminate the Contract by giving notice to the other party of at least the longer of (i) ninety (90) calendar days or (ii) the remaining number of calendar days to maturity of any then-outstanding commercial paper plus one (1) calendar day. You have informed me that TCRS does not presently plan to terminate the Contract at any time prior to July 1, 2016.

In consideration of, and in response to, your advance notification that TCRS will not cancel during the upcoming fiscal year, I am authorized to inform you that the State Funding Board also does not plan to terminate the Contract at any time prior to July 1, 2016.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson".

Justin P. Wilson
Secretary, State Funding Board

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATE OF TENNESSEE**



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

JOY HARRIS
CHIEF OF STAFF

MICHAEL BRAKEBILL
CHIEF INVESTMENT OFFICER

JILL BACHUS
DIRECTOR OF TCRS

May 20, 2015

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Secretary of the Funding Board
Comptroller of the Treasury
State Capitol, 1st Floor
Nashville, TN 37243

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Pursuant to the powers accorded it in Tennessee Code Annotated, Section 8-37-110 and in the Policy, the Board has delegated implementation of the Policy to the Treasurer. The Policy further provides that the Treasurer has delegated certain responsibilities to the Chief Investment Officer of TCRS, including the power to invest and reinvest the assets of TCRS.

Accordingly, I have the authority to issue this letter on behalf of TCRS.

Sincerely,

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Michael Brakebill, CFA
Chief Investment Officer



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-9034
(615) 741-2501

Justin P. Wilson
Comptroller

June 15, 2015

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Chief Investment Officer
Tennessee Consolidated Retirement System
Nashville, TN 37243

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Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson".

Justin P. Wilson
Secretary, State Funding Board

STATE OF TENNESSEE



TREASURY DEPARTMENT

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

P.O. BOX 192867

NASHVILLE, TN 37219-2867

To: Justin P. Wilson, Comptroller - Secretary, State Funding Board

From: Michael Brakebill, Chief Investment Officer

A handwritten signature in black ink, appearing to read "M. Brakebill", written over the printed name.

Date: June 12, 2015

Subject: Liquidity Guarantee Fee Schedule

The purpose of this memo is to propose the fee structure in place for TCRS's liquidity guarantee. This fee structure is reviewed and updated annually and is modified based on market conditions for comparable guarantee programs.

Under last year's agreement, TCRS was reimbursed 25 basis points for providing the Liquidity Guaranty while the State carried a rating of AAA/AA. There have not been any funding requests in the history of providing back-up support to the Funding Board. Market conditions for liquidity support agreements have been stable for the last few years but changing regulatory requirements have reduced their use.

Treasury staff reviewed information on the rate for one year high quality General Obligation bonds and surveyed high quality domestic banks that provide this service. Based on this review of market conditions, I would like to propose a rate of 30 basis points for ratings of AAA by Moody's or Standard and Poor's, 45 basis points for AA, and 70 basis points A or below.

This recommendation is assuming that the fees will apply beginning June 30, 2015 through June 30, 2016. A review will then be conducted in June, 2016 to establish the fee schedule for the next fiscal year. It is further provided that the liquidity commitment for fiscal 2016 shall not exceed \$350 million.

If you have any questions, please call me at 532-1157.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

The Standby Commercial Paper Purchase Agreement (the "Agreement") between the State Funding Board (the "Board") and the Tennessee Consolidated Retirement System (TCRS) in Section 2.03(b) allows the commitment fees to be revised as may be agreed to from time to time by the Board. This document serves as an amendment to this Agreement.

The State Funding Board (the "Board") reviewed and discussed the commitment fees in the Agreement at its meeting on June 23, 2015. The following commitment fees were approved by the Board:

- 30 bps if the highest rating by Moody's or Standard & Poor's is AAA
- 45 bps if the highest rating by Moody's or Standard & Poor's is AA
- 70 bps if the ratings by Moody's or Standard & Poor's is A or below

The commitment fees will apply to the period July 1, 2015 through June 30, 2016. A review will then be conducted in June 2016, to establish the commitment fee schedule for the next fiscal year.



Justin P. Wilson
Secretary, State Funding Board



Michael Brakebill
Chief Investment Officer, TCRS

**RESOLUTION ALLOCATING FUNDS TO DEFRAID A PORTION OF
THE COST OF HIGHWAY BRIDGE CONSTRUCTION PROJECTS AND
TO CANCEL A LIKE AMOUNT OF BONDS AUTHORIZED FOR THAT
PURPOSE**

Recitals

(1) The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 552, Public Acts of Tennessee, 2009 (the "2009 Act"), to issue and sell its general obligation bonds in an amount not to exceed Four Hundred Thirty-Eight Million, Six Hundred Thousand Dollars (\$438,600,000) of which Eighty-Seven Million, Five Hundred Thousand Dollars (\$87,500,000) is allocated pursuant to Section 4(5) of the 2009 Act (the "2009 Bridge Construction Bonds") for the Department of Transportation for the purpose of providing funds to be spent for the implementation of Phase I of the Tennessee transportation infrastructure improvement bond program for the construction of bridges and highways.

The Funding Board has previously canceled Eighty Seven Million, Three Hundred Thousand Dollars (\$87,300,000) of the 2009 Bridge Construction Bonds; none of the remaining 2009 Bridge Construction Bonds principal amount authorized has been issued.

Section 6, Item 2 (b) of Chapter 919, Public Acts of Tennessee, 2014 (the "2014 Appropriations Act") directs the Funding Board to cancel highway bonds in an amount equal to the conversion to federal funding related to the bridge construction bonds.

Based on notification from the Department of Transportation that Two Hundred Thousand Dollars (\$200,000) of the 2009 Bridge Construction Bond authorization was converted to federal financing in the fiscal year ending June 30, 2015, the Commissioner of Finance and Administration by memorandum dated May 29, 2015, recommended that the Funding Board proceed with canceling Two Hundred Thousand Dollars (\$200,000) of the unissued 2009 Bridge Construction Bonds.

(2) The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 1109, Public Acts of Tennessee, 2010 (the "2010 Act"), to issue and sell its general obligation bonds in an amount not to exceed One Hundred Ninety-Four Million, One Hundred Thousand Dollars (\$194,100,00) of which Eighty-Seven Million, Five Hundred Thousand Dollars (\$87,500,000) is allocated pursuant to Section 4(4) of the 2010 Act (the "2010 Bridge Construction Bonds") for the Department of Transportation for the purpose of providing funds to be spent for the implementation of Phase II of the Tennessee transportation infrastructure improvement bond program for the construction of bridges and highways.

None of the 2010 Bridge Construction Bonds principal amount authorized has been issued.

Section 6, Item 2 (b) of Chapter 919, Public Acts of Tennessee, 2014 (the "2014 Appropriations Act") directs the Funding Board to cancel highway bonds in an amount equal to the conversion to federal funding related to the bridge construction bonds.

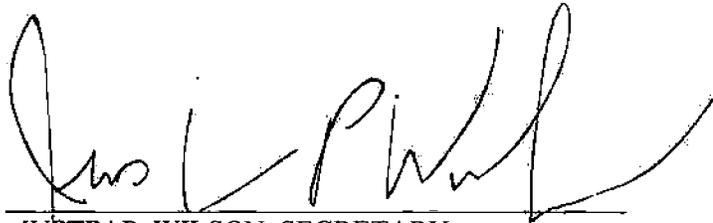
Based on notification from the Department of Transportation that Twenty-Eight Million, Nine Hundred Thousand Dollars (\$28,900,000) of the 2010 Bridge Construction Bond authorization was converted to federal financing in the fiscal year ending June 30, 2015, the Commissioner of Finance and

Administration by memorandum dated May 29, 2015, recommended that the Funding Board proceed with canceling Two Hundred Thousand Dollars (\$28,900,000) of the unissued 2010 Bridge Construction Bonds.

Be It Resolved By The Funding Board Of The State Of Tennessee:

1. The projects authorized to be financed by the 2009 Bridge Construction Bonds and the 2010 Bridge Construction Bonds have been financed in whole or in part with current funds and a total of Twenty-Nine Million, One Hundred Thousand Dollars (\$29,100,000) is no longer needed to fund such authorized projects.
2. Two Hundred Thousand Dollars (\$200,000) of the unissued 2009 Bridge Construction Bonds are hereby cancelled.
3. Twenty-Eight Million, Nine Hundred Thousand Dollars (\$28,900,000) of the unissued 2010 Bridge Construction Bonds are hereby cancelled.
4. This resolution shall be effective June 23, 2015, and all resolutions in conflict herewith are hereby repealed.

Adopted this 23rd day of June, 2015.



JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE FUNDING BOARD

RESOLUTION CERTIFYING AND AUTHORIZING THE ALLOCATION OF FUNDS TO THE SINKING FUND FOR THE 2015-2016 FISCAL YEAR

Recitals

Pursuant to Chapter 176, Public Acts of Tennessee, 2013 (the "Act"), effective July 1, 2013, the State of Tennessee has pledged in T.C.A. Section 9-9-104 for the payment of debt service on a pro rata basis on its general obligation bonds issued on or before June 30, 2013, the following:

- Annual proceeds of a tax to five cents (\$.05) per gallon upon gasoline;
- Annual proceeds of the special tax on petroleum products imposed by T.C.A. Section 67-3-203 (formerly T.C.A. Section 67-3-1303);
- One half (1/2) of the annual proceeds of motor vehicle registration fees; and
- Entire annual proceeds of franchise taxes imposed by the franchise tax law in Title 67, Chapter 4, Part 21 (formerly Title 67, Chapter 4, Part 9).

Pursuant to the Act, the State Funding Board is authorized by T.C.A. Section 9-9-106 to certify the amount necessary to provide for the payment of debt service from the fees, taxes and other revenues and funds available for such purpose.

Section 1, Title III-31 of Chapter 427, Public Acts of Tennessee, 2015, (the "General Appropriations Act") appropriates the aggregate sum of Four Hundred Twenty-Nine Million, Eight Hundred Fifty-Five Thousand Dollars (\$429,855,000) for debt service expenses and amortization of authorized and unissued bonds for the 2015-2016 fiscal year. Section 1, Title III-33 of the General Appropriations Act, appropriates to the Sinking Fund such amount of the excise tax receipts as determined by the State Funding Board.

The Commissioner of Finance and Administration recommended by memorandum dated May 29, 2015, that the State Funding Board allocate Four Hundred Nine Million Dollars (\$409,000,000) in pledged tax revenues. Further, he recommended the following specific dollar allocation of taxes for the payment of debt service on general obligation debt of the State of Tennessee:

<u>TAX OR FEE</u>	<u>AMOUNT</u>	<u>BASIS OF ALLOCATION</u>
Franchise Tax	\$ 18,000,000	Equal monthly
Excise Tax	243,600,000	Equal monthly
Gasoline Tax	88,800,000	Equal monthly
MV Title Fees	2,700,000	Equal monthly

Further, he recommended a monthly allocation of Fifty-Five Million, Nine Hundred Thousand Dollars (\$55,900,000) of Sales Tax revenues [which is the estimated allocation of the net receipts of State Sales Tax pursuant to T.C.A. Section 67-6-103]. These recommendations assume (i) utilization of Sports Authority Revenue in the amount of \$3,835,000 and Other Revenues (College and Universities and State Veterans' Homes) in the amount of \$4,990,000 (ii) a Federal Highway Bridge Funds Match of \$12,000,000 and (iii) an adjusted balance at June 30, 2016 of \$30,000.

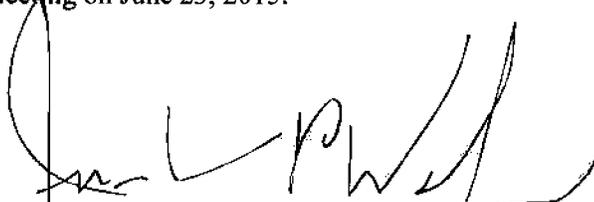
Be It Resolved By The Funding Board Of The State Of Tennessee:

1. It is hereby certified to the Commissioner of Finance and Administration that the following sums shall be allocated to the Sinking Fund for debt retirement for the 2015-2016 fiscal year:

<u>SOURCE, TAX OR FEE</u>	<u>AMOUNT</u>	<u>BASIS OF ALLOCATION</u>
Franchise Tax	\$ 18,000,000	Equal monthly
Excise Tax	243,600,000	Equal monthly
Gasoline Tax	88,800,000	Equal monthly
MV Title Fees	2,700,000	Equal monthly
Sales Tax (estimated TCA allocation)	55,900,000	Monthly

2. This resolution shall be effective as of July 1, 2015, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on June 23, 2015.



JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE FUNDING BOARD

**RESOLUTION ALLOCATING FUNDS TO DEFRAY A PORTION OF
THE COST OF HIGHWAY CONSTRUCTION PROJECTS AND TO
CANCEL A LIKE AMOUNT OF BONDS AUTHORIZED
FOR THAT PURPOSE**

Recitals

(1) The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 591, Public Acts of Tennessee, 2007 (the "2007 Act"), to issue and sell its general obligation bonds in an amount not to exceed Two Hundred Ninety-Five Million Dollars (\$295,000,000) of which Eighty-Three Million, Eight Hundred Thousand Dollars (\$83,800,000) is allocated pursuant to Section 4(5) of the 2006 Act (the "2006 DOT Bonds") for the Department of Transportation for the purpose of providing funds to be spent for the construction of highways and highway projects.

None of the 2006 DOT Bonds principal amount authorized has been issued.

Section 6, Item 2(a) of Chapter 427, Public Acts of Tennessee, 2015 (the "2015 Appropriations Act") appropriates to the Funding Board the sum of Eighty-Three Million, Eight Hundred Thousand Dollars (\$83,800,000) to cancel a like amount of unissued 2006 DOT Bonds.

The Commissioner of Finance and Administration by memorandum dated May 29, 2015, recommended that the Funding Board proceed with canceling Eighty-Three Million, Eight Hundred Thousand Dollars (\$83,800,000) of the unissued 2006 DOT Bonds.

(2) The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 1024, Public Acts of Tennessee, 2012 (the "2012 Act"), to issue and sell its general obligation bonds in an amount not to exceed Three Hundred Eighty-One Million, Nine Hundred Thousand Dollars (\$381,900,000) of which Eighty Million Dollars (\$80,000,000) is allocated pursuant to Section 4(4) of the 2012 Act (the "2012 DOT Bonds") for the Department of Transportation for the purpose of providing funds to be spent for the construction of highways and highway projects.

The Funding Board has previously canceled Two Million Dollars (\$2,000,000) of the 2012 DOT Bonds; none of the remaining Seventy-Eight Million Dollars (\$78,000,000) of the 2012 DOT Bonds principal amount authorized has been issued.

Section 6, Item 2(a) of the 2015 Appropriations Act appropriates to the Funding Board the sum of One Million Dollars (\$1,000,000) to cancel a like amount of unissued 2012 DOT Bonds.

The Commissioner of Finance and Administration by memorandum dated May 29, 2015, recommended that the Funding Board proceed with canceling One Million Dollars (\$1,000,000) of the unissued 2012 DOT Bonds.

(3) The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 452, Public Acts of Tennessee, 2013 (the "2013 Act"), to issue and sell its general obligation bonds in an amount not to exceed Two Hundred Sixty-Six Million Dollars (\$266,000,000) of which Eighty-One Million Dollars (\$81,000,000) is allocated pursuant to Section 4(2) of the 2013 Act (the "2013 DOT Bonds") for the Department of Transportation for the purpose of providing funds to be spent for the construction of highways and highway projects.

None of the 2013 DOT Bonds principal amount authorized has been issued.

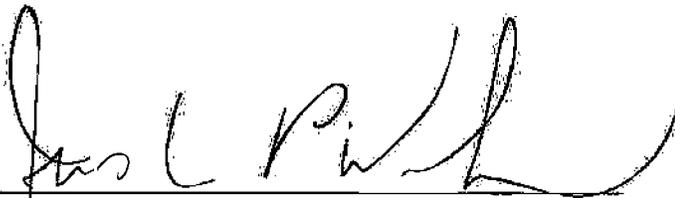
Section 6, Item 2(a) of the 2015 Appropriations Act appropriates to the Funding Board the sum of One Million Dollars (\$1,000,000) to cancel a like amount of unissued 2013 DOT Bonds.

The Commissioner of Finance and Administration by memorandum dated May 29, 2015, recommended that the Funding Board proceed with canceling One Million Dollars (\$1,000,000) of the unissued 2013 DOT Bonds.

Be It Resolved By The Funding Board Of The State Of Tennessee:

1. The projects authorized to be financed by the 2006 DOT Bonds, 2012 DOT Bonds and 2013 DOT Bonds have been financed in whole or in part with current funds and a total of Eighty-Five Million, Eight Hundred Thousand Dollars is no longer needed to fund such authorized projects.
2. Eighty-Three Million, Eight Hundred Thousand Dollars (\$83,800,000) of the unissued 2006 DOT Bonds are hereby canceled.
3. One Million Dollars (\$1,000,000) of the unissued 2012 DOT Bonds are hereby canceled.
4. One Million Dollars (\$1,000,000) of the unissued 2013 DOT Bonds are hereby canceled.
5. This resolution shall be effective July 1, 2015, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on June 23, 2015.

A handwritten signature in black ink, appearing to read "Justin P. Wilson", written over a horizontal line.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE FUNDING BOARD

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION BONDS OF THE STATE OF TENNESSEE**

Be It Resolved By The Funding Board Of The State Of Tennessee:

1. The Funding Board of the State of Tennessee (the "Funding Board") hereby finds and determines that the Funding Board is authorized to provide for the issuance of general obligation bonds of the State of Tennessee (the "State") under the provisions of Sections 1 and 4 of Chapter 424, Public Acts of Tennessee, 2015 , to be allocated as follows:

Item 1. Two Hundred Thirty-Six Million, Eight Hundred Thousand Dollars (\$236,800,000) to the Department of Finance and Administration to be allocated and expended for the purposes of acquisition of equipment and sites, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvement, betterments and extraordinary repairs to existing structures, and for the purpose of making grants to any county, metropolitan government, incorporated town, city, special district of the state, or any governmental agency or instrumentality of any of them, if such project grant is approved by the State Building Commission. Such grants so identified and approved are determined to be for a public purpose.

Item 2. One Hundred Sixty-Five Million, Eight Hundred Thousand Dollars (\$165,800,000) to the Department of Finance and Administration to be allocated and expended for the purposes of making grants to the Industrial Development Board of the City of Chattanooga for the Volkswagen Group of America Chattanooga Operations, LLC project and expended for the purpose of acquisition of equipment and acquisition, site preparation, erection, construction and equipment of sites and buildings, and infrastructure improvements and development, including but not limited to, sewer, water, utility, and rail infrastructure.

Item 3. Thirty-Five Million Dollars (\$35,000,000) to the Department of Finance and Administration to be allocated and expended for the purposes of making grants to the Industrial Development Board of the County of Rutherford for the Nissan North America, Inc. project and expended for the purpose of acquisition of equipment and acquisition, site preparation, erection, construction and equipment of sites and buildings, and infrastructure improvements and development, including but not limited to, sewer, water, utility, and rail infrastructure.

Item 4. Eighty-Three Million, Eight Hundred Thousand Dollars (\$83,800,000) to the Department of Transportation to be expended for the construction of highways and for the purpose of acquisition of equipment and sites, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments and extraordinary repairs to existing structures.

Further, the Funding Board is authorized to sell bonds in amounts not to exceed 2.5% of all of the amounts stated above, the proceeds of which are to be allocated to the Funding Board and expended for the purpose of funding discounts and the costs of issuance.

2. The Funding Board hereby finds and determines that no bonds or bond anticipation notes have been issued pursuant to the Public Acts referred to in Section 1 hereof, and that such authorization has not been cancelled or rescinded.

3. The Funding Board hereby authorizes the issuance of general obligation bonds of the State in the respective maximum principal amounts and for the respective purposes set forth in Section 1 hereof (the "Bonds"). The sale and issuance of the Bonds shall be provided for by subsequent resolution of the Funding Board. Pending the issuance of Bonds, bond anticipation notes may be issued from time to time under and pursuant to the resolution adopted by the Funding Board on March 6, 2000, entitled "RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF COMMERCIAL PAPER; AUTHORIZING AND PROVIDING FOR A STANDBY COMMERCIAL PAPER PURCHASE AGREEMENT; AND PROVIDING FOR CERTAIN OTHER MATTERS RELATED THERETO", as amended or restated, or under and pursuant to other resolutions hereafter adopted by the Funding Board.

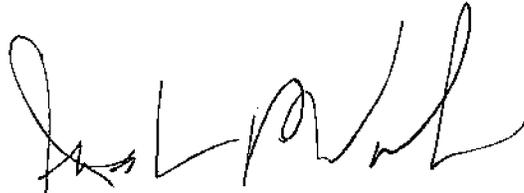
4. The Funding Board reserves the right to rescind the authorization of any Bonds authorized hereunder to the extent (i) general obligation bonds have not been issued against such Bond authorization or (ii) general obligation bond anticipation notes have not been issued in anticipation of the issuance of Bonds to be issued against such Bond authorization.

5. Available State funds may be expended for any or all of the purposes specified in Section 1 hereof, in anticipation of reimbursement from the proceeds of Bonds or bond anticipation notes issued under and pursuant to the respective authorizations specified in Section 1 hereof. The Funding Board hereby authorizes the Commissioner of Finance and Administration or the Secretary or Assistant Secretary of the Board to evidence an official intent to this effect, and otherwise execute, file and publish such documents or take such other action, as may be necessary to permit reimbursement from the proceeds of Bonds or bond anticipation notes, the interest on which shall be excluded from gross income for federal income tax purposes.

6. If any provisions of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to that end the provisions of this resolution are declared to be severable.

7. This resolution shall be effective as of July 1, 2015, and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on June 23, 2015.

A handwritten signature in black ink, appearing to read "Justin P. Wilson", written over a horizontal line.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE FUNDING BOARD

RESOLUTION CANCELING \$7,000,000 OF AUTHORIZED BONDS

RECITALS

The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 1024, Public Acts of Tennessee, 2012 (the "2012 Act"), to issue and sell its general obligation bonds in an amount not to exceed Three Hundred Eighty-One Million, Nine Hundred Thousand Dollars (\$381,900,000) of which Seventy Million Dollars (\$70,000,000) is allocated pursuant to Section 4(3) of the 2012 Act (the "2012 Interop Com System Bonds") to the Department of Finance and Administration for the purpose of acquisition and implementation of an interoperable communication system upgrade.

The Funding Board has previously canceled Twenty-One Million Dollars (\$21,000,000) of the 2012 Interop Com System Bonds; none of the remaining Forty-Nine Million Dollars (\$49,000,000) of the 2012 Interop Com System Bonds principal amount authorized has been issued as 2012 Interop Com System Bonds but bond anticipation notes in the form of commercial paper have been issued.

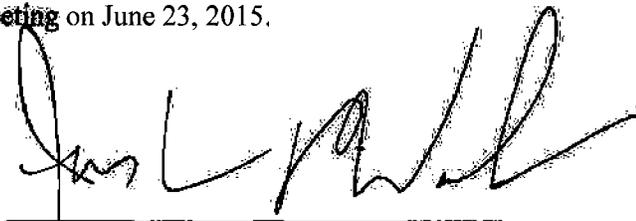
Section 6, Item 12 of Chapter 427, Public Acts of Tennessee, 2015 (the "2015 Appropriation Act") appropriates to the Funding Board the sum of Seven Million Dollars (\$7,000,000) to cancel a like amount of unissued 2012 Interop Com System Bonds.

By memorandum dated May 29, 2015, the Commissioner of Finance and Administration recommended that the Funding Board proceed with canceling Seven Million Dollars (\$7,000,000) of the unissued 2012 Interop Com System Bonds.

Be It Resolved By the Funding Board of the State of Tennessee:

1. The project authorized to be financed by the 2012 Interop Com System Bonds has been financed in part with current funds and Seven Million Dollars (\$7,000,000) is no longer needed to fund such authorized project.
2. Seven Million Dollars (\$7,000,000) of the unissued 2012 Interop Com System Bonds are hereby canceled.
3. This resolution shall be effective as of July 1, 2015 and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its ~~meeting~~ on June 23, 2015.



JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE FUNDING BOARD

JUN 19 2015

Time Received 8:30am



GERMANTOWN BOARD OF EDUCATION

REPORT TO: THE GERMANTOWN BOARD OF EDUCATION

DATE: May 18, 2015

FROM: Jason Manuel, Superintendent

SUBJECT: A RESOLUTION TO ESTABLISH A TRUST FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)

INTRODUCTION:

The purpose of this agenda item is to request the Board of Education to adopt a resolution to establish an investment trust for the purpose of pre-funding Other Post-employment Benefits (OPEB).

BACKGROUND:

In accordance with Governmental Accounting Standards Board (GASB) Statement 45 that deals with the recognition of retirement benefits other than pension cost (OPEB) on an accrual basis, the School District wishes to establish an OPEB trust within which benefits will be maintained.

DISCUSSION:

The Tennessee General Assembly enacted Chapter 771 of the Tennessee Public Acts of 2006, which is codified in Tennessee Code Annotated, Title 8, Chapter 50, Part 12, authorizes Tennessee political subdivision that offer other post-employment benefits to establish an investment trust by resolution and to begin financing those benefits in advance.

Prepared by: Autumn Enochs
Autumn Enochs, Chief Financial Officer

Reviewed by: Jason Manuel
Jason Manuel, Superintendent

PROPOSED MOTION(S), RESOLUTION(S), OTHER ACTION:

For the Board of Education to approve the Resolution to Establish a Trust for OPEB.

BOARD ACTION: MOTION BY: Mark Dely **SECONDED BY:** Natalie Williams

VOTE/TOTAL	PARKER	DELY	FISHER	HOOVER	WILLIAMS
<u>YES</u>	<u>Yes</u>	<u>Yes</u>	<u>Yes</u>	Yes	<u>Yes</u>
NO	No	No	No	No	No
ABSTAIN	Abstain	Abstain	Abstain	<u>Abstain</u>	Abstain

Germantown Board of Education

OPEB Trust Resolution

A RESOLUTION OF THE GERMANTOWN BOARD OF EDUCATION to establish an investment trust for the purpose of pre-funding other post-employment benefits as provided in Tennessee Code Annotated, Title 8, Chapter 50, Part 12.

WHEREAS, the Governmental Accounting Standards Board issued Statements 43 and 45 which set forth standards on accounting and reporting for post-employment benefits (other than pensions) by governmental entities; and

WHEREAS, these standards require political subdivisions of the State of Tennessee for financial accounting purposes to report such post-employment benefits on an actuarial basis during an eligible employee's career rather than on a pay-as-you-go basis during such employee's retirement; and

WHEREAS, the Tennessee General Assembly enacted Chapter 771 of the Tennessee Public Acts of 2006, the Other Post-Employment Benefit investment Trust Act of 2006, Tenn. Code Ann. §8-50-1201 et seq. (the "Tennessee OPEB Act"), that authorized Tennessee political subdivisions that offer other post-employment benefits to create an investment trust whereby the political subdivisions may make contributions to and investment of funds for purposes of pre-funding for those other post-employment benefits; and

WHEREAS, the Employer is a political subdivision of the State of Tennessee, as defined in the Tennessee OPEB Act, that is exempt from federal income tax under the Internal Revenue Code of 1986, as amended from time to time, and

WHEREAS, the Employer has duly established, adopted and maintains a post-employment benefits plan (the "Plan," as more specifically defined below) that includes benefits for retired eligible employees and their eligible dependents, as defined and as provided in the Plan ("Retirees"), which Plan governs what Benefits are provided and defines eligible participants and their eligible dependents and the conditions of eligibility and participation for any such Benefits under the Plan; and

WHEREAS, the Employer has passed a resolution authorizing the establishment of this investment trust for the exclusive purpose of providing funds for (i) the Benefits pursuant to and in accordance with the Plan, and (ii) the cost of operating and administering this Trust, including the cost of such financial consultants, auditors, attorneys, actuaries, trustees, custodians, investment advisers, brokers and their consultants, advisers, and agents as necessary to carry out the provisions of this Trust, all as provided herein.

NOW, THEREFORE, in consideration of the premises, the Employer does hereby establish this Trust to be known as the Germantown Municipal School District's Other Post-Employment Benefits Trust.

Germantown Board of Education
OPEB Trust Resolution

STATE OF TENNESSEE
COUNTY OF SHELBY

I, Lisa Parker, Chairman of the Germantown Board of Education of the City of Germantown,

Tennessee do hereby certify that this is a true and exact copy of the foregoing resolution that was approved and adopted at a meeting held on the 18th day of May, 2015, the original of which is on file in this office. I further certify that four members voted in favor of the resolution and that four members were present and voting.

IN WITNESS THEREOF, I have hereunto set my hand.



Lisa Parker

Chairman, Germantown Board of Education



GERMANTOWN BOARD OF EDUCATION

REPORT TO: THE GERMANTOWN BOARD OF EDUCATION

DATE: May 18, 2015

FROM: Jason Manuel, Superintendent

**SUBJECT: ESTABLISHMENT OF AN OTHER POST-EMPLOYMENT BENEFITS (OPEB)
TRUST INVESTMENT POLICY**

INTRODUCTION:

The purpose of this agenda item is to request the Board of Education to approve of an Other Post- Employment (OPEB) Trust Investment Trust Policy.

BACKGROUND:

The Governmental Accounting Standards Board (GASB) Statements 43 and 45, set forth standards on accounting and reporting for Post-Employment Benefits (other than pensions) by governmental entities. These new standards require municipalities to report OPEB on an actuarial basis during an employee's career rather than on a pay-as-you-go basis during retirement. The Tennessee General Assembly enacted Chapter 771 of the Tennessee Public Acts of 2006 authorizing Tennessee political subdivisions that offer OPEB to create an investment trust whereby the political subdivision may begin financing those benefits in advance. Therefore this agenda item will set forth the investment policy to be followed by the Trust Fund.

DISCUSSION:

This Trust Investment Policy is established to invest OPEB Trust funds in a manner that will provide sufficient investment return to meet the current and future OPEB benefit cash flow demands of the benefit plan while conforming to all state statutes governing the investment of such OPEB dedicated trust funds.

BUDGET AND STAFFING IMPACT:

Source of Funding:

There is no budget impact with the establishment of an Other Post-Employment Benefits Trust Investment Policy described above.

Prepared by: Autumn Enochs
Autumn Enochs, Chief Financial Officer

Reviewed by: Jason Manuel
Jason Manuel, Superintendent

PROPOSED MOTION(S), RESOLUTION(S), OTHER ACTION:

For the Board of Education to approve the establishment of an Other Post-employment Benefits (OPEB) Trust Investment Policy.

BOARD ACTION: **MOTION BY:** Mark Dely **SECONDED BY:** Natalie Williams

VOTE/TOTAL	PARKER	DELY	FISHER	HOOVER	WILLIAMS
<u>YES</u>	<u>Yes</u>	<u>Yes</u>	<u>Yes</u>	Yes	<u>Yes</u>
NO	No	No	No	No	No
ABSTAIN	Abstain	Abstain	Abstain	<u>Abstain</u>	Abstain

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST INVESTMENT POLICY
GERMANTOWN BOARD OF EDUCATION**

1.1 Policy

It is the policy of the Germantown Board of Education to invest OPEB Trust funds in a manner which will provide sufficient investment return to meet the current and future OPEB benefit cash flow demands of the benefit plan while conforming to all state statutes governing the investment of such OPEB dedicated trust funds.

1.2 Definition

Other post-employment benefits (OPEB) means non-pension benefits paid on behalf of a former employee of the Germantown Board of Education or a former employee's beneficiary after separation from service.

1.3 Scope

This policy covers all OPEB funds held in trust and invested for the purpose of meeting the obligations under its OPEB programs.

1.4 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

1.5 Objective

The primary objectives shall be:

Legality - conformance with federal, state and other legal requirements

Liquidity - ability to meet obligation without forced sale of assets

Safety - preservation of capital and protection of investment principal

Total Return - attainment of market rates of return

The portfolio should be reviewed periodically as to its effectiveness in meeting the employer's needs for safety, liquidity, rate of return, and its general performance.

1.6 Delegation of Authority

Management and administrative responsibility for the investment program is hereby delegated to an OPEB Investment Commission ("Commission"), which shall be the same persons serving as the Commission of Trustees under the Declaration of Trust for the Germantown Municipal School District Other Post-Employment Benefits.

The Commission may contract with or employ technical and professional advice from a qualified firm(s) or individuals as may be needed to provide investment advice or execution of this policy provided such services are rendered to the Trust on a fixed fee and non-commissioned basis and do not involve any direct investment with or through the firm providing such financial advice. Upon creation of the Trust, this Commission shall determine an initial investment asset allocation.

1.7 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Trust.

1.8 Authorized and Suitable Investments

Investments may be made in any type of security instrument allowed for in the Tennessee statutes regarding the investment of Trust funds as approved by the Tennessee Code Annotated, including but not limited to Section 8-50-1203. In addition, such policy shall not authorize assets in the trust to be invested in any instrument, obligation, security, or property that would not constitute a legal investment for assets of Tennessee domestic life insurance companies. Subject to the foregoing, the following asset types are among those approved for investment (definitions included for less commonly known terms):

Fixed Income Investments

- **Certificates of Deposit** – Certificates of deposit and other evidence of deposit at financial institutions, banker's acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency.
- **Money Market Mutual Funds** – Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities.
- **Stable Value Funds** – Stable value funds maintain the value of the principal and all accumulated interest regardless of interest rate moves because of the

investments held by the fund. A stable value fund generally holds a mix of high-quality, intermediate-term bonds and guaranteed-interest contracts (GICs) from insurance companies.

- **U.S. Government Notes and Bonds** -U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.
- **U.S. Corporate Securities** -A debt security issued by a corporation, as opposed to those issued by the government.
- **Municipal Bonds** – A debt security issued by a state, municipality, or county, in order to finance its capital expenditures.
- **Mortgage Backed Securities** -A type of asset-backed security that is secured by a mortgage, or a collection of mortgages.
- **Collateralized Mortgage Obligations** -A type of mortgage-backed security that creates separate pools of pass-through rates for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities *are* used to retire the bonds in the order specified by the bonds' prospectus.
- **Asset Backed Securities** -Assets backed securities are bonds backed by pools of loans or other receivables, such as leases. While MBS convert first mortgages into bonds, ABS are created from many other types of assets, from auto loans and credit card receivables to home equity loans and student loans. Many ABS receive the highest credit rating (triple-A) and therefore offer an alternative to highly rated corporate bonds in an investment portfolio.
- **Yankee Bond Securities** – A bond denominated in U.S. dollars and is publicly issued in the United States by foreign banks and corporations.
- **Banker's Acceptances** – A short-term credit investment created by a non-financial firm and guaranteed by a bank. Acceptances *are* traded at a discount from face value on the secondary market. Banker's acceptances are very similar to T-bills and are often used in money market funds.

The fixed income securities above represent a broad range of taxable and tax-exempt fixed income which are U.S. dollar denominated and must be rated investment grade or better by either Moody's Investor Service, Standard & Poor's Corporation or Fitch ratings.

Variable Investments

- **Bond Funds** – A mutual fund which invests in bonds, typically with the objective of providing stable income with minimal capital risk.
- **Balanced Funds** – A mutual fund that buys instruments of or a combination of common stock, preferred stock, bonds, and short-term bonds, to provide both income and capital appreciation while avoiding excessive risk.
- **Domestic Equity Funds** – A broad category of mutual funds that invest primarily in instruments of or shares of stocks of U.S. companies.
- **International Equity Funds** -A broad category of mutual funds that invest

primarily in instruments of or shares of stock of companies from outside the U.S.

- **Equities** – Shares of domestic or international stock to include common and preferred.

All investment/allocation decisions shall reflect the current and future projected cash flow needs of the OPEB plan. The projected cash flow needs shall be determined in part from the data compiled for the OPEB actuarial study conducted at least every two (2) years as required by GASB and the employer's workforce analysis and retirement projections.

1.9 Diversification

The investments shall be diversified by:

- limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- limiting investment in securities that have higher credit risks,
- investing securities with varying maturities, and
- continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIP), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

1.10 Internal control

The Investment Manager shall insure that the assets of the OPEB Trust are protected from loss, theft or misuse through the implementation of appropriate internal controls.

An annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from account and record-keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian as evidenced by safekeeping receipts.

1.11 Performance Standards

This investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a comparable rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to benchmarks with similar investment options as the portfolio on a regular basis.

1.12 Reporting

The Investment Manager shall provide an investment report quarterly. The report should be provided to the Germantown Board of Education quarterly and it should be available at any other time by request. An annual report shall also be provided to such body. The report shall be in a format suitable for review by the general public.

1.13 Marketing to Market

A statement of the market value of the portfolio shall be issued to the chief governing body quarterly. Such statement shall be prepared consistent with the Government Finance Officers Association (GFOA) recommended practices. In defining market value, consideration should be given to the GASB Statement 31 pronouncement.

1.14 Investment Policy Adoption

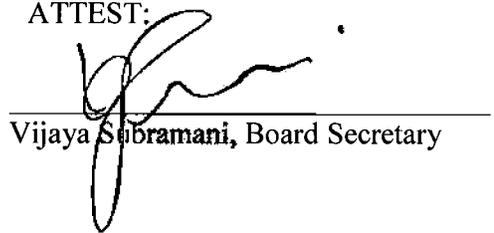
Following adoption of the investment policy by the Germantown Board of Education the policy shall be reviewed on an annual basis by the Investment Commission and any modifications made thereto must be approved by the Germantown Board of Education.

Adopted on May 18, 2015 by the Germantown Board of Education



Lisa Parker, Board Chairperson

ATTEST:



Vijaya Subramani, Board Secretary

DECLARATION OF TRUST
For THE
GERMANTOWN BOARD OF EDUCATION
OTHER POST-EMPLOYMENT BENEFITS

INTEGRAL PART TRUST FOR OTHER POST-EMPLOYMENT BENEFITS

Declaration of trust made as of the 1st day of July 2015, by Germantown Board of Education (hereinafter referred to as the "Employer"). This Trust shall come into existence when the Tennessee State Funding Board, created pursuant to Tennessee Code Annotated, Section 9-9- 101, has approved the same.

RECITALS

WHEREAS, the Governmental Accounting Standards Board issued Statements 43 and 45 which set forth standards on accounting and reporting for post-employment benefits (other than pensions) by governmental entities; and

WHEREAS, these standards require political subdivisions of the State of Tennessee for financial accounting purposes to report such post-employment benefits on an actuarial basis during an eligible employee's career rather than on a pay-as-you-go basis during such employee's retirement; and

WHEREAS, the Tennessee General Assembly enacted Chapter 771 of the Tennessee Public Acts of 2006, the Other Post-Employment Benefit investment Trust Act of 2006, Tenn. Code Ann. §8-50-1201 *et seq.* (the "Tennessee OPEB Act"), that authorized Tennessee political subdivisions that offer other post-employment benefits to create an investment trust whereby the political subdivisions may make contributions to and investment of funds for purposes of pre-funding for those other post-employment benefits; and

WHEREAS, the Employer is a political subdivision of the State of Tennessee, as defined in the Tennessee OPEB Act, that is exempt from federal income tax under the Internal Revenue Code of 1986, as amended from time to time, and

WHEREAS, the Employer has duly established, adopted and maintains a post-employment benefits plan (the "Plan," as more specifically defined below) that includes benefits for retired eligible employees and their eligible dependents, as defined and as provided in the Plan ("Retirees"), which Plan governs what Benefits are provided and defines eligible participants and their eligible dependents and the conditions of eligibility and participation for any such Benefits under the Plan; and

WHEREAS, the Employer has passed a resolution authorizing the establishment of this investment trust for the exclusive purpose of providing funds for (i) the Benefits pursuant to and in accordance with the Plan, and (ii) the cost of operating and administering this Trust, including the cost of such financial consultants, auditors, attorneys, actuaries, trustees, custodians, investment advisers, brokers and their consultants, advisers, and agents as necessary to carry out the provisions of this Trust, all as provided herein.

NOW, THEREFORE, in consideration of the premises, the Employer does hereby establish this Trust to be known as the Germantown Municipal School District's Other Post-Employment Benefits Trust.

ARTICLE I DEFINITIONS

1.1 Definitions. For purposes of this Declaration of Trust, the following terms shall have the respective meanings set forth below unless otherwise expressly provided.

- a) "Benefits" means non-pension benefits paid on behalf of a former Employee, or a former Employee's eligible dependent as provided in the Plan, after the Employee's separation from service. Such benefits may include, but shall not be limited to medical, prescription drugs, dental, vision, Medicare Part B or Part D premiums, and Medicare supplement premiums, as determined under and provided in the Plan.
- b) "Board" means the Germantown Board of Education.
- c) "Commission" means the commission of trustees created pursuant to Section 5.1 of this Trust.
- d) "Employee" shall have the meaning provided therefor under the Plan and where the context requires shall include eligible dependents of the employee entitled to Benefits under the Plan.
- f) "Participant" means a former Employee of the Employer who satisfies the requirement for participation in a post-employment benefits plan sponsored by the Employer.
- g) "Plan" means the Employer's other post-employment medical and health benefit plan, and includes any other post-employment plan or plans, whether or not adopted as part of the Employer's medical and health care benefits plan, such as any disability, life insurance (the liability of the benefits for which GASB requires an accrual on the financial books and records of the Employer) and/or other post-employment plan adopted or maintained by the Employer for Retirees, as amended, supplemented, revised, restated, and otherwise adopted from time to time by the Employer.
- h) "Retirees" means the retired employees as defined under the Plan and eligible for Benefits under the Plan, including the retired employee's eligible dependents to the extent and as provided under the Plan.
- i) "State Funding Board" or "Funding Board" means the board created pursuant to Tennessee Code Annotated, Section 9-9-101.
- j) "Trust Funds" means all contributions to the Trust, including any deposits, contributions, and payments made pursuant to Article VIII and Article XII herein below, together with the income, gains and all other increments thereon, and all funds held in and administered under this Trust.

k) "Trustee" shall mean the Commission. "Trustee" includes the initial Trustee named in this Trust Agreement and any successor Trustee appointed pursuant to ~~Article XIV~~ hereof

Any term used in his Trust Agreement which is not otherwise defined herein shall have the meaning set forth in the Plan.

ARTICLE II PURPOSE AND SCOPE OF TRUST

- 2.1 This Trust is established for the exclusive purpose of receiving any deposits, contributions and payments made to it as Trust Funds, and investing, administering, and using such Trust Funds for funding and providing funds for (i) the Benefits pursuant to and in accordance with the Plan, and (ii) the cost of operating and administering the Trust, including the cost of such financial consultants, auditors, attorneys, actuaries, trustees, custodians, investment advisers, brokers and other consultants, advisers, and agents as necessary to carry out the provisions of the Trust, all as provided herein.
- 2.2 Nothing in this Trust shall be construed to define or otherwise grant any rights or privileges to Benefits. Such rights and privileges, if any, shall be governed by the terms of the Plan. Nothing in this Trust shall nor shall be construed to supplant or substitute for the Employer's authority to conduct the general operation and administration of the Plan or to amend, supplement, restate, or otherwise operate and determine the operation, provisions, and administration of the Plan. Nothing in this Trust shall abrogate or affect the right the Employer to change the Plan, to adopt new medical and welfare benefit plans, including any post-employment benefit plan, or make any changes in the terms of any such plans, which include but are not limited to the amount of premiums for applicable benefits, coverage, deductibles, co-pays, out-of-pocket expense, healthcare provider networks and related changes. Nothing herein shall require the Employer to provide or maintain a medical, welfare, or post-employment benefit plan.

ARTICLE III TRUST ASSETS

- 3.1 This Trust shall consist of all contributions paid or otherwise delivered to it, and all investment income and realized and unrealized gains and losses.
- 3.2. The Employer, in its sole discretion and at its sole determination, may at any time, and from time to time, make deposits, contributions, and payments of cash or other property to this Trust to be held and administered in accordance with the terms and provisions of this Trust. In addition, the Employer, or the Trustee or custodian of any trust or fund existing to pay Benefits, may, if the Employer in its sole discretion approves such transfer, transfer to the Trust any funds from any other trust or account maintained to pay the Benefits. Any and all deposits, contributions, and payments made to this Trust shall be held in this Trust as a Trust asset and part of the Trust Funds, and shall be separate and apart from any other funds of the Employer. Such deposits, contributions, and payments to this Trust shall be irrevocable, shall be used solely in accordance with the terms and provisions of this Trust and shall be subject to all applicable terms and

provisions of this Trust. Nothing herein shall or shall be construed to mandate or required contributions, deposits, or payments to be made to the Trust, all of which contributions, deposits and payments shall be at the sole discretion and determination of the Employer.

ARTICLE IV TRUST CONDITIONS

4.1 This Trust shall be irrevocable, and the assets hereof shall be preserved, invested and expended solely pursuant to and for the purposes of this Declaration of Trust and shall not be loaned or otherwise transferred or used for any other purpose. The assets of the Trust shall be expended solely to:

- (a) Make payments for Benefits pursuant to and in accordance with terms of the Plan; and
- (b) Pay the cost of administering this Trust.

4.2 All assets, income and distributions of the Trust shall not be subject to and shall be protected against the claims of creditors of the Employer, the Commission, any Trustee, Employees, former Employees, Participants or their beneficiaries, and shall not be subject to execution, attachment, garnishment, the operation of bankruptcy, the insolvency laws or other process whatsoever, nor shall any assignment thereof be enforceable in any court.

ARTICLE V COMMISSION OF TRUSTEES

5.1 The general administration and responsibility for the proper operation of this Trust shall be governed by a commission of trustees (hereinafter the "Commission"). The Commission shall consist of five members who will be made up of the Superintendent, a Board Member Liaison appointed by the Employer, the Employer's Chief Financial Officer, one (1) full time actively employed teacher of the Employer appointed by the Employer for such term as determined by the Employer, and one (1) retired teacher of the Employer appointed by the Employer for such term as determined by the Employer. The term of any Board Member Liaison shall be coextensive with such person's membership on the Board. .

5.2 The Commission shall annually elect from its membership a chair. Written minutes covering all meetings and actions of the Board shall be prepared by the Designated City Officer and shall be kept on file, open to public inspection pursuant to the provision of Tennessee Code Annotated, Title 10, Chapter 7.

5.3 Members of the Commission shall serve without compensation but shall receive reasonable reimbursement for actual and necessary travel expenses in accordance with the Employer's travel regulations.

5.4 A majority of the voting members of the Commission serving shall constitute a quorum for the transaction of business at a meeting of the Commission. Voting upon action taken by the Commission shall be conducted by a majority vote of the voting members present at the

meeting of the Commission. The Commission shall meet at the call of the chair, or upon the call of a majority of the members, and as may be otherwise provided in any operating policies or procedures adopted by the Commission.

5.5 The business of the Commission shall be conducted at meetings of the Commission held in compliance with Tennessee Code Annotated, Title 8, Chapter 44.

ARTICLE VI POWERS AND DUTIES OF THE BOARD

6.1 In addition to the powers granted by any other provisions of this Trust, the Commission shall have the powers necessary or convenient to carry out the purposes and objectives of this Trust including, but not limited to, the following express powers:

- (a) Any investment of Trust Funds shall only be in any instrument, obligation, security, or property that constitutes legal investment for assets of post-employment benefit trusts as authorized by state law and in accordance with the Trust Investment Policy;
- (b) Contract for the provision of all or any part of the services necessary for the management and operation of the Trust, including, but not limited to, investment management services;
- (c) Contract with financial consultants, auditors, and other consultants as necessary to carry out its responsibilities under the provisions of this Trust;
- (d) At the Commission's sole discretion, contract with an actuary or actuaries for the benefit of the Employer in determining the level of funding necessary by the Employer to fund the Benefits offered by the Plan;
- (e) Prepare annual financial reports, including audited financial statements, following the close of each fiscal year relative to the activities of the Trust. Such statements and reports shall contain such information as shall be prescribed by the Commission and be prepared in accordance with the standards established by the Governmental Accounting Standards Board; and
- (f) Upon the request of the State Funding Board, file the annual report and financial statements with the secretary of the State Funding Board. The report and statements shall be filed with the secretary of the board within six (6) months from the date of the request, unless the secretary extends such time in writing.

ARTICLE VII INVESTMENTS

7.1 The Commission shall be responsible for investing or directing investments of the Trust Funds in accordance with Section 6.1 (a) above and shall have such other duties and responsibilities as designated by the Employer. The Commission shall adopt, in writing, an

investment policy (the "Trust Investment Policy") authorizing how the Trust Funds may be invested. Such Trust Investment Policy shall comply with any applicable provisions of the Tenn. OPEB Act. The Trustee may amend the Trust Investment Policy, in writing, from time to time provided any such amendment shall comply with any applicable provisions of the Tenn. OPEB Act.

7.2 Subject to the limitations in Section 6.1(a) above, the Commission, or its nominee, has full power to hold, purchase, sell assign, transfer, or dispose of any of the securities or investments in which the assets of the Trust have been invested, as well as of the proceeds of such investments and any moneys belonging to the Trust.

7.3 The Commission may appoint one or more investment advisers and/or asset managers (an "Asset Manager or "Asset Managers") to supervise and direct the investment and reinvestment of a portion or all of the Trust Funds and may confer discretionary authority upon such Asset Managers. If no Asset Manager is appointed, then the Commission shall act as Asset Manager.

7.4 The Commission is authorized to and may delegate custodial responsibilities of all or any portion of the Trust Funds to one or more qualified financial institutions with experience in providing custodial services to institutional investors and contracted to provide custodial services for the Trust Funds. Such custodian shall hold the Trust Funds as directed in writing by the Commission consistent with the terms and provisions of this Trust and such custodian shall be subject to the investment guidelines and provisions with respect to investment of the Trust Funds including the Trust Investment Policy, as provided herein. To the extent custody or possession of the Trust Funds are delegated to a custodian, investment asset manager, or other person or entity in accordance with the standards and provisions set forth in this Trust, title to the Trust Funds shall be held by the Trustee as title holder only and the Trustee shall not be liable for the acts of any such custodian, investment asset manager, or other person or entity.

7.5 All of the Commission's business shall be transacted, all of the Trust Funds invested, all warrants for money drawn, any payments made, and all of the cash and securities and other property of the trust shall be held;

(a) In the name of the Commission as title holder only, or as Trustee;

(b) In the name of its nominee; provided, that the nominee is authorized by Commission resolution solely for the purpose of facilitating the transfer of securities and restricted to members of the Commission, or a partnership composed of any such members; or

(c) For the account of the Commission or its nominee in such forms as are standard in the investment community for the timely transaction of business or ownership identification, such as book entry accounts.

7.6 Except as otherwise provided, no Commission member nor employee of the Commission shall have any personal interest in the gains or profits of any investment made by the Commission; nor shall any Commission member or employee of the Commission, directly or indirectly, for such member or employee or as an agent, in any manner for such member or employee or as an agent, in any manner use the same except to make such current and necessary payments as are authorized by the Commission.

7.7 The Commission and each and every member of the Commission shall have all rights and immunities with respect to its actions as provided by applicable law, including without limitation any applicable immunity provided under Tennessee law to members of boards, commissions, agencies, authorities, and other governing bodies of any governmental entity.

**ARTICLE VIII
EMPLOYER CONTRIBUTIONS TO
TRUST**

8.1 Notwithstanding Section 6.1(d) above, it shall be the sole and exclusive responsibility of the Employer to determine the level of contributions the Employer will make to the Trust for the purpose of financing the Benefits under the Plan. Neither the Trust nor the Commission shall be responsible for collecting or otherwise determining the level of contributions needed by the Employer to finance Benefits.

**ARTICLE IX
WITHDRAWALS FOR PAYMENT OF OTHER POST-EMPLOYMENT BENEFITS
AND ADMINISTRATIVE EXPENSES OF THE TRUST**

9.1 The Commission shall upon the request of the Employer reimburse the Employer for payments made for Benefits upon the Commission's receipt of certified documentation evidencing the payment. Such payments shall be made by the Commission on no more than a quarterly basis. In addition, at the direction of the Employer, the Commission, upon receipt of documentation certifying such expense, may pay Benefits either direct to the Employer for reimbursement, direct to Retirees entitled to reimbursement for payment of Benefits, direct to providers of the Benefits, direct to separate funds established for the benefit of Retirees for the payment of Benefits, direct to insurers to purchase insurance to fund the payment of Benefits under the Plan, direct to insurers for the purposes of providing for payment of the Benefits, direct to insurers to pay premiums on any such policies of insurance insuring Benefits under the Plan.

9.2 Notwithstanding anything in this part to the contrary, the Commission shall not honor a request for reimbursement made by the Employer or a payment of Benefits under this Article if assets credited to the Trust are not equal to or greater than the amount requested. Retroactive payments shall be paid by the Commission upon accumulation of sufficient assets.

9.3 The Commission may incur reasonable expenses for administration of the Trust. From the Trust Funds the Commission may make or provide for the making of payment of the cost of operating and administering the Trust and the payment of Benefits hereunder, including the cost of such financial consultants, auditors, attorneys, actuaries, trustees, custodians, investment advisers, brokers and other consultants, advisers and agents as necessary to carry out the provision of the Trust, all as provided herein, including without limitation expenses for services of Asset Managers, services or one or more duly qualified banks or trust companies for safe custody of the investments and banking services, and any other service that the Commission deems reasonable and necessary in connection with the investments and administration of the Trust Fund. The Trustee shall cause records to be maintained with respect to any and all expense incurred payable from the Trust Funds.

9.4 All disbursements of Trust Funds shall be made for the sole and exclusive benefit of providing for payment of the Benefits and costs of operating and administering the Trust in accordance with the Plan and the terms and provisions of this Trust. No Trust Funds, either during the existence of or upon discontinuance of the Plan, shall be used for any purposes other than the payment or provision for payment of Benefits and expenses as provided in the Plan and this Trust.

ARTICLE X BOOKS AND RECORDS

10.1 The books and records of the Trust shall be maintained in accordance with generally accepted accounting principles and shall be open to public inspection. The annual report, including financial statements, all books, accounts and financial records of the Trust shall be subject to audit by the State Comptroller of the Treasury.

10.2 The Commission may, with prior approval of the State Comptroller of the Treasury, engage a licensed certified public accountant to perform the audits. The audit contract between the Commission and the certified public accountant shall be on a contract form prescribed by the State Comptroller of the Treasury. Reimbursement of the costs of audits prepared by the State Comptroller of the Treasury and the payment of fees for audits prepared by a licensed certified public accountant shall be the responsibility of the Commission, which may be paid from the assets of the Trust.

ARTICLE XI PLAN TERMINATION OR MODIFICATION

11.1 In the event the Plan is terminated or substantially modified rendering the assets of this Trust to be unnecessary to fund the Plan, the assets shall be distributed pursuant to section 12.2 below.

11.2 (a) If the plan is terminated so that at the time of termination of the Plan there remain no liabilities or Benefits for payment of such assets of this Trust (or portion of the assets of this Trust), the Employees and former Employees who have met all the conditions for Benefits as set out in the Plan in existence immediately preceding Plan termination (including any eligible dependents of such Employees or former Employees who have met all conditions for Benefits as set out in the Plan other than with respect to the condition of retirement as to such eligible dependent) shall be vested in a proportionate share of the remaining assets of the Trust based on the present value of the Benefits in existence immediately preceding Plan termination as determined by an independent consulting actuary providing services to the Plan at such time (the "Termination Benefit").

(b) If a substantial plan modification is adopted that because a reduction of benefits or eligibility results in the plan moving from a funded status of less than seventy-five percent (75%) to an over-funded status of at least one hundred fifty percent (150%) and continues in such over-funded level for two (2) consecutive actuarial valuations, then such action shall be considered a Plan termination, or a partial Plan termination as the case may be, and the excess assets above such overfunded status in such event shall be vested in the same manner as set forth in the immediately preceding

subparagraph (a) above.

11.3 Actuarial valuations contemplated by this Article shall be performed by the Plan's independent consulting actuary in accordance with actuarial methods recognized by the Governmental Accounting Standards Board for other post-employment benefits.

**ARTICLE XII
PARTICIPANT OR BENEFICIARY
CONTRIBUTIONS TO TRUST**

12.1 If Participant or Beneficiary contributions are required or permitted under the terms of the other post-employment benefits plan, such contributions shall be assets of this Trust and subject to all the provisions of this Trust. Provided, however, the Employer or its designee shall establish a record keeping account for each Participant or Beneficiary showing the amount of contributions made by such Participant or Beneficiary, and to the extent authorized under the Plan, any earnings or interest thereon. Notwithstanding Article XI or any other provision of this Trust to the contrary, a Participant or Beneficiary shall be vested in the amount recorded to that Participant's or Beneficiary's account.

**ARTICLE XIII
AMENDMENTS AND TERMINATION**

13.1 The Employer reserves the right to alter or amend this Declaration at any time for any reason without the consent of the Trustee or any other person, provided that no amendment affecting the rights, duties, or responsibilities of the Trustee shall be adopted without the execution of the Trustee to the amendment and provided further that no amendment shall authorize or permit the assets of the Trust (other than such part as may be used to pay the expenses of administering the Trust) to be used for or diverted to purposes other than those expressed in this Declaration of Trust. Any such amendment must be approved by the Employer and the State Funding Board and shall become effective as of the date provided in the amendment, if requiring the Trustee's execution, or on delivery of the amendment to the Trustee, if the Trustee's execution is not required.

**ARTICLE XIV
COMMISSION**

14.1 The Employer reserves the right to discharge any appointed member of the Commission for any or no reason at any time. Upon such discharge the Employer shall appoint a successor to succeed to such member's position on the Commission.

14.2 Each appointed member of the Commission reserves the right to resign at any time by giving ten (10) days' advance written notice to the Employer.

14.3 In the event of discharge or resignation of a member of the Commission, the Employer may appoint a successor member who shall succeed to all rights, duties, and responsibilities of the former member of the Commission under this Declaration and the terminated member shall be

deemed discharged of all duties and responsibilities, except with respect to prior responsibilities during the individual's term as a member of the Commission.

**ARTICLE XV
PROTECTIVE CLAUSE**

15.1 Neither the Employer, the Commission, nor the Trust shall be responsible for the validity of any contract of insurance or other arrangement maintained in connection with the post-employment benefits plan, or for the failure on the part of the insurer or provider to make payments provided by such contract, or for the action of any person which may delay payment or render a contract void or unenforceable in whole or in part.

**ARTICLE XVI
CONSTRUCTION**

16.1 This Trust created herein shall be governed by and construed in accordance with the laws of the State of Tennessee.

16.2 If any terms and conditions of this Trust are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Trust shall not be affected thereby and shall be construed to effectuate the purpose of this Trust.

Signatures appear on next page.

Germantown Board of Education

By: Lisa Parker
Lisa Parker, Board Chairperson

Date: 6/11/15

ATTEST:

Vijaya Subramani
Vijaya Subramani, Board Secretary

APPROVED:

Steve Shields
Board Attorney

TRUSTEES:

Mark Dely
Mark Dely, GMSD Board Member

Susan Simmons
Susan Simmons, GMSD Representative

Jason Manuel
Jason Manuel, Superintendent

Carlos Sautsberry
Carlos Sautsberry, GMSD Representative

Autumn Enochs
Autumn Enochs, CFO

APPROVED:

[Signature]
Chair of State Funding Board
Secretary