



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**TENNESSEE STATE FUNDING BOARD
DECEMBER 14, 2020
AGENDA**

1. Call meeting to order
2. Consideration for approval of minutes from the November 18 and 24, 2020, meeting
3. Report from the Department of Economic and Community Development for approval of funding for the following projects:
 - **Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC – Chattanooga (Hamilton Co.)**
FastTrack Economic Development Grant \$1,775,000
 - **August Bioservices LLC – Nashville (Davidson Co.)**
FastTrack Job Economic Development Grant \$2,000,000
4. Presentation and discussion regarding a Request for Qualifications for Bond Counsel
5. Adjourn

TENNESSEE STATE FUNDING BOARD
November 18, 2020

The Tennessee State Funding Board (the “Board”) met on Wednesday, November 18, 2020, at 9:00 a.m., in the Cordell Hull Building, 1st Floor, Senate Hearing Room I, 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 Butch Eley, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Seeing a physical quorum present, Mr. Wilson called the meeting to order and stated that, pursuant to Tennessee Code Annotated Section 9-4-5202(e), the Board is charged with the responsibility of developing estimates of state revenue growth. In doing so, the Board evaluates and interprets economic data and revenue forecasts supplied by various economists as well as persons acquainted with the Tennessee revenue system. The Board heard testimony and reports regarding the economy from economists and persons acquainted with the Tennessee revenue system. The presenters were: Ms. Laurel Graefe of the Federal Reserve Bank of Atlanta; Dr. William Fox of the University of Tennessee Boyd Center for Business and Economic Research; Dr. Jon Smith, Dr. Joseph Newhard, and Dr. Fred Makara of East Tennessee State University; Commissioner David Gerregano and Mr. Jeff Bjarke of the Tennessee Department of Revenue; and Mr. Bojan Savic and Mr. Joe Wegenka of the legislative Fiscal Review Committee (FRC) of the State of Tennessee (the “State”).

The presenters forecasted economic growth and state tax revenue growth that reflect a recovery from the most recent economic recession experienced both in the state and the nation. The health and sustainability of the recovery depends on certain exogenous events, such as the ongoing novel coronavirus pandemic, political instability on the national level, additional federal stimulus funding, and any long-lasting effects thereof. Those exogenous events increase downside risk to both economic growth and state revenue growth.

Mr. Wilson then called for presentations regarding the Tennessee Education Lottery Corporation (TELC) from Mr. Savic and Mr. Wegenka; and Ms. Rebecca Hargrove, President and CEO, and Mr. Andy Davis, Chief Financial Officer, from the TELC. Legislation in 2003 created the TELC (Tennessee Code Annotated Sections 4-51-101 et seq.). Pursuant to Tennessee Code Annotated Section 4-51-111(c), the Board is required to establish a projected revenue range for the “Net Lottery Proceeds” [defined in Section 4-51-102(14)] for the remainder of the current fiscal year and for the four (4) succeeding fiscal years.

The lottery presenters reported on historical results and growth reported in previous years for the various instant and numbers games and Powerball and Mega Millions jackpot games of the Tennessee Lottery program. The lottery presenters summarized recent changes for TELC and reported on year-to-date revenue and expenses for fiscal year 2020-2021.

Tennessee Code Annotated Section 4-51-111(c)(2)(A)(ii) requires the Board, with the assistance of the Tennessee Student Assistance Corporation (TSAC), to project long-term funding needs of the lottery scholarship and grant programs. These projections are necessary to determine if adjustments to lottery scholarship and grant programs are needed to prevent the funding for these programs from exceeding Net

Lottery Proceeds. For this purpose, the Board heard testimony from Mr. Tim Phelps, Associate Executive Director for Grants and Scholarship Programs of TSAC, who reported the projected expenditures in lottery scholarship and grant programs through fiscal year 2024-2025. The lottery-funded scholarship programs as authorized through the 2020 session of the General Assembly include the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE Award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, Non-traditional Student Grant, Dual Enrollment Grant, GIVE Act Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect, the Math & Science Teacher Loan Forgiveness Program, the Tennessee Middle College Scholarship, and Tennessee Reconnect.

Mr. Wilson then recognized Mr. Charly Lyons and Ms. Kelsey Dansby from the Tennessee Central Economic Authority (the "Authority") (formerly Four Lakes Authority) who presented a report on the Authority operations over the past year. Mr. Lyons explained that the Authority is an economic development organization that operates in the counties of Macon, Smith, Sumner, Trousdale, and Wilson with all the county executives serving as members of the Authority's board. Mr. Lyons reported that the "General Fund 2020/2021 Fiscal Year-End Budget" along with the "General Fund - Budget vs. Actual-July through October 2020" was provided to the Board members in their packet. Mr. Lyons then reported that the Board was also provided the "Capital Improvements Fund 2020/2021 Fiscal Year-End Budget" and the "Capital Improvement Fund - Budget vs. Actual - July through October 2020", which reports on grants and infrastructure work performed. Mr. Lyons reported that the Authority had been financially healthy for the prior eight years with consecutive years being under budget and exceeding projected revenues, allowing the Authority to build a reserve. Mr. Lyons further stated that the Authority had been able to work with multiple agencies to identify approximately 200 jobs in the area. Mr. Lyons then stated that the Authority strongly encouraged the companies they work with to reach out to the area high schools to inform the students of the jobs provided and the necessary skills needed, in order to address workforce issues. Mr. Hargett then asked at what point during the budget year would the budgeted administrative services fee be received. Mr. Lyons responded that the TVA PILOT funding was normally received in the Capital Fund in November or December and then subsequently transferred to the General Fund. No action was necessary.

Mr. Wilson then presented a request from the Department of Education for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for fiscal year 2021-2022, pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B). The requested funds will support improvements and enhancements for educational programs and purposes and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes. The Board recognized the request from the Department of Education. Mr. Lillard made a motion to approve the request. Mr. Wilson seconded the motion, and it was unanimously approved.

After requesting other business and hearing none, Mr. Wilson recessed the meeting and stated that the Board would reconvene on November 24, 2020, at 11:30 a.m. in the Cordell Hull Building, 1st Floor, Senate Hearing Room I.

RECONVENED
November 24, 2020
11:30 a.m.

The Board reconvened on November 24, 2020 at 11:30 a.m., in the Cordell Hull Building, 1st Floor, Senate Hearing Room I, Nashville, Tennessee. The following members were present.

The Honorable Tre Hargett, Secretary of the State of Tennessee
The Honorable Justin P. Wilson, Comptroller of the Treasury
The Honorable David Lillard, State Treasurer
Commissioner Butch Eley, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Seeing a quorum present, Mr. Wilson called the meeting to order and asked for approval of the minutes from the September 21, 2020, meeting. Mr. Wilson made a motion to approve the minutes. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Mr. Bob Rolfe, Commissioner of the Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Assistant Commissioner of Administration, ECD, to present the “FastTrack Report to the State Funding Board” (the “Report”). Mr. VanderMeer reported that, as of the date of the Board meeting on September 21, 2020, the FastTrack balance was \$278,968,893.01. Mr. VanderMeer then reported that, since that time, \$1,334,540.00 in funds had been deobligated; \$3,867,520.70 was transferred from FastTrack to close the TNInvestco allotment code for fiscal year-end 2020; \$15,193,500.00 in new grants or loans were approved; and \$133,980.04 in funds were spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$261,108,432.27 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$195,526,653.74, resulting in an uncommitted FastTrack balance of \$65,581,778.53. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$39,125,000.00, and if these projects were approved, the remaining uncommitted balance would be \$26,456,778.53 and the total commitments would be \$234,651,653.74, which represented 89.9% of the FastTrack balance.

Mr. Rolfe then presented the following FastTrack projects:

- **Babynov USA LLC – Red Boiling Springs (Macon County)**
FastTrack Economic Development Grant \$ 2,000,000

- **Moldex-Metric Inc. – Lebanon (Wilson County)**
FastTrack Job Training Assistance Grant \$ 2,125,000

- **General Motors LLC – Spring Hill (Maury County)**
FastTrack Job Training Assistance Grant \$35,000,000

The Board received in their packets the award letters and FastTrack checklists signed by Mr. Rolfe, and the incentive acceptance forms. Mr. Wilson inquired if the information provided in the ECD packets was true and correct and Mr. Rolfe responded affirmatively. Mr. Wilson then inquired if the companies that signed the incentive acceptance forms fully understood the agreements and Mr. Rolfe responded affirmatively.

Mr. Wilson made a motion to approve the FastTrack projects that were presented. Mr. Eley seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Mr. David Thurman, Director of the Division of Budget with the Department of Finance and Administration, who presented the staff recommendations of the estimated revenues based on recurring growth rates in State taxes.

	<u>FY 2020-2021</u>		<u>FY 2021-2022</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Total State Taxes	1.00%	1.20%	2.50%	3.00%
General Fund	1.50%	1.75%	2.70%	3.20%

Mr. Lillard made a motion to approve the revenue estimates as recommended by staff. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Thurman then presented the staff recommendations of the estimates of the range for Net Lottery Proceeds to be deposited in the Lottery for Education Account and used for various statutory purposes.

	<u>FY 2020-2021</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>	<u>FY 2023-2024</u>	<u>FY 2024-2025</u>
Low	3.75%	2.25%	1.75%	1.75%	1.75%
High	6.25%	3.25%	2.25%	2.25%	2.25%

Mr. Hargett made a motion to approve the lottery revenue estimates as recommended by staff. Mr. Wilson seconded the motion, and it was unanimously approved.

Pursuant to Tennessee Code Annotated 4-51-111(a)(3), the TELC may make a determination that returning a specific percentage of sales as net proceeds (35%) would not result in the maximum dollar amount of net proceeds being achieved. Mr. Wilson acknowledged receipt of a letter from TELC notifying the Board that TELC had determined that an amount that maximizes net lottery proceeds to the State of Tennessee Lottery for Education Account is less than 35% of lottery proceeds for fiscal year 2020-2021. The amount currently projected for the fiscal year ranges from \$437 million to \$450 million. The Board acknowledged the letter.

Mr. Wilson then recognized Mr. Ed Harries, Executive Director, and Ms. Danielle Brown, Controller, from the Tennessee State Veterans' Home Board (the "TSVHB"), who presented a report on TSVHB operations. Ms. Brown stated that the Board had received a financial report in their packet for the period July 1, 2020, through October 31, 2020. Ms. Brown reported that the TSVHB had a year-to-date loss of \$2.9 million, greater than the budgeted loss of approximately \$35,000. Ms. Brown stated that the loss was due to the drop in the occupancy rate from the COVID-19 pandemic. Ms. Brown further stated that the occupancy rate, for the month of October, at two TSVH facilities exceeded the state occupancy rate of 67% and the occupancy rate at the Murfreesboro facility was below the average due to the impact of the pandemic on community admission availability and restrictions. Ms. Brown then stated that the TSVHB had received \$805,600 from the CARES Act during the first quarter of fiscal year 2021, and a total of \$3.5 million to date from the fund. Ms. Brown further stated that an application for the third phase of the CARES Act had been submitted. Ms. Brown then reported that the total cash balance in the Local Government Investment Pool (LGIP) was \$18,879,192 as of October 31, 2020. Ms. Brown then reported that the 180-bed Cleveland-Bradley County facility, currently under construction, had an anticipated completion date of fall or winter 2021. Ms. Brown further reported that there were three renovation projects at the facilities whose 35% match were to be funded from the Repair & Replacement Fund. Ms. Brown then reported that the TSVHB had one audit finding pertaining to the timely preparation of financial statements for the fiscal year ended June 30, 2019

and that management remains committed to continued improvements in financial reporting, internal controls and fiscal responsibility.

Mr. Wilson then inquired about the plans of the TSVHB to deal with the current operating deficit. Ms. Brown responded that there had been a reduction in work force with the expense reduction effects projected to be seen in November, and that starting the next month, the TSVHB would be looking at additional possible layoffs or furloughs. Ms. Brown further responded that the TSVHB had also investigated expense cutting measures. Ms. Brown then stated that the response to the COVID-19 pandemic had led to additional incurred costs, particularly for personal protective equipment. Mr. Harries then responded that COVID-19 testing had also led to additional expenses. Mr. Harries then stated that the reason for the deficit was primarily due to revenue loss not from an increase in expenses. Mr. Harries then stated that nationally, hospital discharges to skilled nursing facilities had dropped dramatically but was starting to increase again in November resulting in 24 new admissions to their facilities. Mr. Harries then stated that if the TSVHB can get its census occupancy level back up to par, they should see a significant gain. Mr. Wilson then asked if the drop in census was happening across the country. Mr. Harries responded in the affirmative and stated that the latest data from a September survey from the Tennessee Healthcare Association found nursing homes were down to 66% occupancy. Mr. Hargett then asked why the October occupancy rate for the Murfreesboro facility was only 50%. Mr. Harries responded that unfortunately, the Murfreesboro facility had a COVID-19 outbreak leading to the passing of 20 residents. No action was necessary.

Mr. Wilson then recognized Mr. Tim McClure, Director of Cash Management and Assistant Chief Investment Officer of the State of Tennessee Treasury Department, who presented a report on the State Pooled Investment Fund (SPIF) for the fiscal year ended June 30, 2020. Mr. McClure stated the SPIF operated in compliance with GASB Statement 79. Mr. McClure then reported that the average portfolio composition of the SPIF for fiscal year 2019-2020 was made up of U.S. Agencies (68.74%), U.S. Treasuries (10.80%), Collateralized CD's (6.95%), Commercial Paper (5.00%) and Overnight Sweep (8.51%). Mr. McClure reported that the total average daily balances were slightly over \$14 billion for fiscal year 2019-2020. Mr. McClure further reported on the performance, weighted average maturity, weighted average life and daily and weekly liquid assets, credit quality and diversification, and shadow pricing of the SPIF. Mr. McClure stated that no changes were recommended by staff to the SPIF Investment Policy for the current fiscal year. Mr. McClure reported that the Fed Funds rate ranged from 2.25% to 2.50% in the beginning of fiscal 2019-2020 but had decreased gradually throughout the year to a level of rates that ranged from 0.00% to 0.25%. Mr. McClure stated that this rate was obviously very low and would have an impact on the investment earnings of the SPIF. Mr. McClure then stated that the SPIF remained a safe investment for state funds and monies invested by local government officials. Mr. McClure then stated that Treasury charges the participants a 4-basis point administrative fee to administer the program is charged to all participants. Mr. McClure reported that the results of stress tests conducted during fiscal year 2019-2020, were successful. No action was necessary.

Mr. McClure then presented a report on the Intermediate Term Investment Fund ("ITIF") for the fiscal year ended June 30, 2020. Mr. McClure explained that the ITIF was established by the Board to provide an alternative for any participant, eligible to participate in the LGIP, seeking a longer duration fund that does not provide liquidity but might provide an enhanced return from investing further out on the yield curve. Mr. McClure explained that the ITIF was launched on July 22, 2013, when the first participant invested \$200 million, and as of June 30, 2020, there was one additional investment of \$11.76 million and three participant withdrawals that totaled \$204.44 million since inception. Mr. McClure further stated that there was currently only one participant in the ITIF. Mr. McClure reported that the average composition of the portfolio for fiscal year 2019-2020 was 79.17% US agencies and 20.83% idle cash in the SPIF. Mr. McClure further explained that there were several calls of the securities held in the portfolio during the fiscal year leading to the appearance of a large balance being maintained in the SPIF, while it was actually due to market timing in order to take advantage of interest rate changes. Mr. McClure reported that during fiscal

year 2019-2020 the fund increased in value 1.98% net of expenses compared to returns for the SPIF of 1.56%, the Vanguard Short Term Federal Fund (“VSGBX”) of 4.78%, and the Barclays US Treasury Bond Fund Index (“Index”) of 4.05% during the same period. Mr. McClure explained that the VSGBX and Index had longer terms than the ITIF producing the greater returns for the year. Mr. McClure reported that for the period July 22, 2013, through June 30, 2020, the ITIF had a market value increase of 7.61%. Mr. McClure stated that there were no recommended changes by staff to the ITIF Investment Policy and that the investment plan would be to continue to look for opportunities to maximize returns by taking advantage of opportunities that might occur farther out on the yield curve. Mr. McClure further stated that the administrative cost assessed to participants was 5-basis points. Mr. Wilson then commented that in the future the Board would need to evaluate if there were enough participants to justify the existence of the fund. No action was necessary.

Mr. Wilson then presented for consideration and approval a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$252,950 and Canceling Authorized Bonds”. Mr. Wilson stated that the funds were no longer needed to fund debt service. Mr. Wilson made a motion to approve the resolution. Mr. Eley seconded the motion, and it was unanimously approved.

Hearing no other business, Mr. Wilson adjourned the meeting.

Approved this _____ day of _____ 2020.

Respectfully submitted

Sandra Thompson
Assistant Secretary

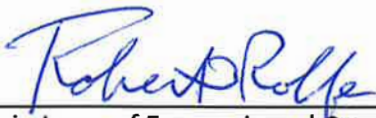
FastTrack Report to State Funding Board

12/9/2020

1. Previous FastTrack Balance, as of Last Report	261,108,432.27
2. + New Appropriations:	0.00
3. + Newly Deobligated Funds:	0.00
4. + Funds Transferred to FastTrack:	0.00
5. - Funds Transferred from FastTrack:	0.00
6. - FastTrack Grants or Loans Approved Greater Than \$750,000:	(1,250,000.00)
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(172,000.00)
8. - FastTrack Administration	(39,092.42)
9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:	259,647,339.85
10. Total Amount of Commitments:	205,421,561.32
11. Uncommitted FastTrack:	54,225,778.53
12. Percentage Committed:	79.1%
13. Amount of Proposed Grants or Loans:	3,775,000.00
14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:	50,450,778.53
15. Percentage Committed:	80.6%

See next page for explanations of the above questions.

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



Commissioner of Economic and Community Development

Date: 12/10/20



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

December 14, 2020

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. Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC – Chattanooga (Hamilton County)

Gestamp Automoción, S.A., headquartered in Spain, is the parent company to Gestamp Chattanooga, LLC. Gestamp has over 100 plants worldwide. The company focuses on producing parts that continually increase vehicle safety while also reducing overall weight and environmental impact that results from production processes.

Gestamp plans to increase capacity due to new electric vehicle production. As part of this expansion, the company plans to expand operations at its Hickory Valley Road and Ferdinand Piech Way plants for increased capacity due to new electric vehicle production. In addition, both plants will undergo retrofitting, weld assembly and robotics updates.

Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC has committed to create an additional 260 net new jobs and make an additional \$60,041,093 capital investment within 5 years. The company will have an average hourly wage of \$21.02 for the new positions.



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

Prior to this new expansion, in 2019 Gestamp committed to create a total of 200 jobs and make a capital investment of \$75,594,597 in two phases. On May 9, 2019, the State Funding Board approved TNECD the opportunity to award Gestamp Chattanooga, LLC with a \$450,000 FastTrack Job Training Assistance Program grant based on the company's commitment to create 90 new jobs and make a \$34,754,526 capital investment for phase 1; and a \$750,000 Economic Development Grant based on the company's commitment to create 110 additional new jobs and make an additional \$40,840,071 capital investment for phase 2.

Today we are requesting approval to award Gestamp Chattanooga, LLC with an additional \$1,755,000 in FastTrack Economic Development Grant funds to offset the costs the company will incur in building expansion, building improvements, site improvements, fixture improvements, and new construction related to this new expansion. These additional funds and 260 jobs will be amended into Gestamp's existing \$750,000 economic development grant. The total amended Economic Development grant will be valued at \$2,525,000 for 370 jobs (110 jobs from the 2019 phase 2 project plus the 260 jobs from this new project). **(\$1,775,000)**

Total FastTrack funds for this project - \$1,775,000

2. August Bioservices LLC – Nashville (Davidson County)

Headquartered in Nashville, August Bioservices is a contract development and manufacturing organization (CDMO) providing drug discovery, drug development and drug manufacturing services in support of the global pharmaceutical industry. The company is expanding its capabilities to become a preferred, specialized, one-stop-shop CDMO for clinical and commercial injectable therapies.

The first phase of the project, which will be completed in late 2021, will involve the targeted expansion of August Bioservices' existing Nashville facility, adding high-value technologies such as lyophilization and terminal sterilization to its existing cGMP fill and finish manufacturing capabilities.

The second phase of the project will see August Bioservices construct a new, state-of-the-art, drug development and manufacturing facility that will feature multiple high-speed production lines capable of delivering commercial scale throughput across a wide array of sterile injectables containers, including vials, IV bags and prefilled syringes.



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

Taken together, the expansion activities will enable August Bioservices to grow its footprint in drug development and manufacturing services and allow the company to pursue attractive later-stage clinical development as well as commercial manufacturing opportunities.

August Bioservices LLC has committed to create 181 net new jobs and make a \$64,748,000 capital investment within 5 years. The company will have an average hourly wage of \$52.01 for the new positions.

FastTrack Job Economic Development Grant Funds will help offset expenses such as building expansion, fixture improvements, and new construction. **(\$2,000,000)**

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

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js

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	Hamilton County	\$1,775,000	
TOTAL		\$1,775,000	

(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): Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC

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. ☒ Yes ☐ No

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



Commissioner of Economic and Community Development


Date



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

November 5, 2020

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC intends, in good faith, to create 370 private sector jobs in Chattanooga, Hamilton County and make a capital investment of \$135,635,690 in exchange for incentives that will be memorialized in a grant agreement between Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC and the State of Tennessee. New jobs must be in addition to the company's baseline of 854 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 2,525,000
Total ECD Commitment:	\$ 2,525,000

Please sign your name in the space below to signify Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC's acceptance of ECD's offer set forth above and return it by February 3, 2021 to:

Tennessee Department of Economic and Community Development
Attn: Joey Viola
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: 
(Authorized Representative of Company)

Date: 11/9/2020



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

December 14, 2020

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 a FastTrack Economic Development Grant to Hamilton County, Tennessee for the benefit of Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC in the amount of \$1,775,000 to offset the costs Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC will incur in building expansion, building improvements, site improvements, fixture improvements, and new construction. The total Economic Development grant will be valued at \$2,525,000. 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 high wage jobs and significant capital investment. Gestamp North America, Inc., Gestamp Chattanooga, LLC, and Gestamp Chattanooga II, LLC has committed to create an additional 260 net new jobs and make an additional \$60,041,093 capital investment within 5 years. The company will have an average hourly wage of \$21.02 for the new positions. This project will have an exceptional impact.

In 2019 Gestamp committed to create a total of 200 jobs and make a capital investment of \$75,594,597 in two phases; phase 1: 90 new jobs and a \$34,754,526 capital investment and phase 2: 110 additional new jobs and an additional \$40,840,071 capital investment. The total amended Economic Development grant will be valued at \$2,525,000 for 370 jobs.

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js

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 Metropolitan Government of Nashville & Davidson County	\$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): August Bioservices LLC

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. ☐

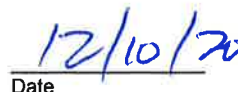
ECONOMIC DEVELOPMENT

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. ☒ Yes ☐ No

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



Commissioner of Economic and Community Development


Date



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

September 22, 2020

INCENTIVE ACCEPTANCE FORM

This form serves as notice that August Bioservices LLC intends, in good faith, to create 181 private sector jobs in Nashville, Davidson County and make a capital investment of \$64,748,000 in exchange for incentives that will be memorialized in a grant agreement between August Bioservices LLC and the State of Tennessee. New jobs must be in addition to the company's baseline of 55 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

FastTrack Economic Development Grant:	\$ 2,000,000
Total ECD Commitment:	\$ 2,000,000

Please sign your name in the space below to signify August Bioservices LLC's acceptance of ECD's offer set forth above and return it by December 22, 2020 to:

Tennessee Department of Economic and Community Development
Attn: Joey Viola
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to: number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: [Signature]
(Authorized Representative of Company)

Date: 09/29/2020



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

December 14, 2020

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 a FastTrack Economic Development Grant to the Industrial Development Board of the Metropolitan Government of Nashville & Davidson County for the benefit of August Bioservices LLC in the amount of \$2,000,000 to offset the costs August Bioservices LLC will incur in building expansion, fixture improvements, and new construction. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number of high wage jobs and significant capital investment. August Bioservices LLC has committed to create 181 net new jobs and make a \$64,748,000 capital investment within five years. The company will have an average wage of \$52.01 per hour for the new positions. This project will have an exceptional impact.

Sincerely,

A handwritten signature in blue ink that reads "Robert Rolfe".

Bob Rolfe

BR/js



REQUEST FOR QUALIFICATIONS FOR BOND COUNSEL SERVICES

I. INTRODUCTION

The State of Tennessee, Office of Comptroller of the Treasury (“Comptroller” or “State”), through the Office of State and Local Finance in the Office of the Comptroller of the Treasury for the State (the “OSLF”), is beginning a process to select a law firm to serve as bond counsel to the State Funding Board (the “SFB”) and the Tennessee State School Bond Authority (the “TSSBA”) (jointly the “Issuers”) in connection with their debt-financed programs for an anticipated term beginning May 1, 2016 and ending April 30, 2021.

II. OVERVIEW OF THE STATE AND THE ISSUERS

Information about the State and the Issuers and links to relevant documents (including debt management policies, financial statements and official statements) are included in Attachment A.

The State currently utilizes one firm to serve as Bond Counsel for the Issuers and the Tennessee Local Development Authority (the “TLDA”) without a set term. The fourth state level debt issuer, the Tennessee Housing Development Agency, issues single-family mortgage revenue bonds, and has a separate contract for bond counsel services. The State is releasing this Request for Qualifications to establish a term for the bond counsel contract for the Issuers. (The TLDA will not be included in the contract. The TLDA has not issued debt since 2010 and no debt issuance is anticipated at this time.) The State believes that a single firm serving the Issuers will provide consistency, uniformity and efficiency, particularly in federal tax and securities law interpretation. Additionally, higher education projects are financed by both Issuers. The commonality of membership of the boards of the Issuers as well as of other important funding entities is shown on Attachment B.

The Comptroller serves as the Secretary for each Issuer; the Director of OSLF serves as the Assistant Secretary. The OSLF is involved in all aspects of debt issuance. Technology is in place to allow electronic communication on a regular basis, including electronic distribution and review of documents, and to allow electronic bidding in the context of competitive sales.

Although both Issuers could issue debt to fund a single project, in practice the Issuers use the proceeds from a single debt issue to fund multiple projects. Moreover, the Issuers often fund (and refund) projects with proceeds from more than one debt issue. Note, the higher education facilities program of the TSSBA lends to the two systems of public higher education- The University of Tennessee and the Tennessee Board of Regents, both of which have multiple educational institutions under their control.

The Issuers regularly evaluate economic refunding opportunities. The Issuers take advantage of economic refunding opportunities when it is in their best interests to do so and the refundings comply with their debt management policies.

Although it is difficult to predict specific future needs, it is reasonable to assume that debt issuance by the Issuers will be similar to that since January 1, 2009:

	Closing Month/Year	Sale Type	Par Amount*
TSSBA:			
2009 A	April 2009	Negotiated	\$ 109,905,000
2010 A&B	September 2010	Competitive	\$ 249,950,000
2012 A, B, & C	August 2012	Negotiated	\$ 437,720,000
2013 A	November 2013	Negotiated	\$ 149,130,000
2014 A & B	August 2014	Negotiated	\$ 344,650,000
2015 A & B	May 2015	Negotiated	\$ 464,165,000
TSSBA - Competitive Sales		1	
TSSBA - Negotiated Sales		5	
GO:			
2009 A & B	May 2009	Negotiated	\$ 389,635,000
2009 C & D	December 2009	Negotiated	\$ 290,000,000
2010 A & B	October 2010	Competitive	\$ 231,445,000
2011 A, B, & C	October 2011	Negotiated	\$ 546,655,000
2012 A	March 2012	Negotiated	\$ 449,070,000
2012 B & C	December 2012	Competitive	\$ 170,525,000
2014 A & B	August 2014	Negotiated	\$ 190,225,000
2015 A & B	November 2015	Negotiated	\$ 383,765,000
GO - Competitive Sales		2	
GO - Negotiated Sales		6	
Total Competitive Sales		3	
Total Negotiated Sales		11	
* In some cases one of the series listed may be a taxable issue. See EMMA for the Official Statements related to the issues.			

However, there is no assurance that past levels of bond issuance activities accurately predict future levels of bond issuance.

III. BOND ISSUANCE PROCESS

OSLF controls and directs all aspects of its bond issuances including, without limitation, timing and structuring. The Issuers utilize the services of a financial advisor, currently Public Financial Management Incorporated. The bond issuance process is initiated based on a programmatic need for funds for approved projects or to refund outstanding bonds when in accordance with policy and economically advantageous. The Issuers do not hold regularly scheduled meetings; the Issuers meet on an “as needed” basis (specially

called). Initial structuring discussions are held typically via telephone with bond counsel, financial advisor, and OSLF staff to determine the timing, structure and documentation for debt issues. In addition, bond counsel, together with OSLF staff, communicate with underwriters, selling group members, investors, financial advisor and others on an as needed basis.

Under current statutory provisions, both Issuers have authority to sell debt on both a competitive and a negotiated basis. Although competitive sales are preferred, the Issuers evaluate a variety of factors including, without limitation, bond structure and market conditions at the time of each bond issue to determine the method of sale that is in the best interest of the Issuer. Although the majority of bond transactions closed since January 1, 2009, have been sold by negotiated sale or private placement, the Issuers have not changed their preference for competitive sales. Consequently, there can be no assumption that the use of negotiated sales will remain at this level going forward.

The Issuers use a combination of long-term bonds and short-term notes. They utilize short-term notes (commercial paper in the case of the SFB and a Revolving Credit Facility in the case of the TSSBA) as a cost-efficient method of financing capital projects during construction. This provides cash flow as needed so as to better time issuance with expenditure needs in the interim between bond issues. This affords the Issuers some flexibility in the timing of issuing long-term bonds to take out the short-term notes.

The Issuers' interest with each bond issue is to balance both of the following:

1. avoid unnecessarily complex transactions unless the economic benefits are substantial; and
2. incur the lowest overall cost of debt in the context of ongoing administration and potential limitation of future options.

The Issuers' financing structures tend to be conservative while retaining maximum flexibility. While receptive to new, creative financing structures, the Issuers prefer transactions that do not stretch generally accepted interpretations of tax law. The Issuers have used taxable/tax-exempt blended transactions. The Issuers do not currently use swaps or other hedging devices.

Bond closings are held in Nashville with minimal activities outside normal business hours. The Issuers expect to continue this practice in the future and expect bond counsel to attend each pre-closing. However, they do not expect bond counsel to attend meetings of the Issuers, unless specifically requested to do so. On occasion, bond counsel may be requested to participate in meetings of the Issuers by telephone.

IV. EXPECTATIONS OF BOND COUNSEL

The State and the Issuers have taken the position that, in the analysis and opinions regarding the Tennessee State Constitution and Tennessee State law arising in the course of engagement as Bond Counsel for the Issuers, the involvement of an attorney licensed to practice law in the State is required.

The Issuers take a collegial, team approach to debt transactions. Bond counsel, financial advisor, the Office of Attorney General and Reporter as issuer's counsel, and OSLF staff are proactive participants in each bond transaction, from discussions regarding initial timing and structuring through document preparation and closing. The precise role of each group or individual may vary depending on particular issues that arise in individual transactions. The communication between the Issuers and bond counsel does not end at the time of closing; the relationship between the Issuers and bond counsel is not just transactional.

The financial advisor is primarily responsible for dealing with the rating agencies and for preparing all financial analysis needed for a particular transaction. OSLF coordinates activities involving Board members, paying agent, trustee and escrow agent, when necessary. OSLF maintains control of official statements (“OS”) and distributes its preliminary official statements (“POS”) electronically. OSLF staff coordinate preparation and electronic transmission of preliminary official statements, final official statements, notices of sale and forms of proposal.

Duties and responsibilities of specific tasks for bond transactions are usually as follows:

OSLF/Issuer’s Counsel

1. Determine the need for a debt transaction.
2. Prepare requisite number of copies of closing documents, such as authorizing Acts, the relevant general and supplemental or series resolutions, by-laws, minutes and authorizing resolutions;
3. Prepare POS, OS, official notice of sale, and bid form for electronic distribution and printing (printing the requisite number of documents is handled in house);
4. Prepare general certificate and coordinate preparation and assembly of all needed exhibits;
5. Prepare instruction letters to trustee;
6. Prepare issuer’s counsel opinion;
7. Review and comment on all documents prepared by bond counsel and underwriter’s counsel, including a bond purchase agreement for negotiated sales; and
8. Coordinate with the financial advisor about discussions, materials and presentations involving the rating agencies.

Bond Counsel

1. Assist in determining the tax and economic analysis needed and reviewing the analysis provided;
2. Evaluate proposed structures based on tax, state law and programmatic considerations;
3. Prepare Supplemental or Series Resolution and amendments to general resolutions, as needed;
4. Review and comment on drafts of the POS, OS, official notice of sale, official form of proposal prepared by OSLF;
5. For negotiated transactions, with Issuer’s counsel, review bond purchase agreements, master agreements among underwriters and master agreements among the selling group prepared by underwriter’s counsel;
6. Prepare all bonds, coordinate execution and delivery with OSLF and DTC, when necessary;
7. Prepare closing index or checklist;

8. Prepare certificates such as those related to projected cash flow, arbitrage and use of proceeds, purchase price of bonds, investments, and trustee's status;
9. Prepare and file required IRS and State forms;
10. Prepare cross-receipts;
11. Prepare necessary tax and approving opinions;
12. Prepare other certificates and documents as needed for bond closings, such as bond call/redemption notices;
13. Review and comment on all documents prepared by Issuers and others;
14. Perform other due diligence, as determined necessary; and
15. Prepare final bound transcripts.

Other Services

In addition to work specifically on bond transactions, the Issuers use the services of bond counsel in connection with a number of related issues, which have included the following, on an as needed basis:

1. Provide staff and board member orientation and training regarding bonds and board member responsibilities;
2. Provide information regarding IRS letter rulings, interpretive releases, regulatory changes or other actions affecting bonds and loan programs and assist in preparing or analyzing state or federal legislation affecting the Issuers;
3. Assist in structuring new loan programs and modifying existing programs, and/or preparing new general resolutions;
4. Assist in activities involving rating agencies;
5. Address issues related to continuing disclosure, arbitrage and arbitrage rebate calculations, financial and tax assumptions;
6. Address issues related to use of variable rate debt, including possible use of swaps and other hedges;
7. Review and advise on circumstances regarding possible changes in use of tax-exempt financed properties; and
8. Review TSSBA and GO project questionnaires (ongoing – not just at time of bond sale).

V. RESPONSE TO REQUEST FOR QUALIFICATIONS

We invite you to submit your firm's qualifications in a format substantially in conformance with the enclosed "Outline for Qualifications". An electronic version and one written copy of your response to the Outline for Qualifications are due by 12:00 pm CST on Friday, January 29, 2016, addressed and delivered, as follows:

IGpublic.Finance@cot.tn.gov

and

Office of State & Local Finance
Attn: Ms. Sharon Schmucker
James K. Polk Building
505 Deaderick Street, Suite 1600
Nashville, Tennessee 37243-1402
(615) 747-7872

Please limit your proposal to ten (10) pages or less. Please use the format identified in this Request for Qualifications. Additional pages or extra material will be viewed negatively. DO NOT submit a pricing proposal or additional information at this time.

If you have questions regarding this Request for Qualifications, please email them to, the RFQ Coordinator at igpublic.finance@cot.tn.gov by 4:00 P.M. CST on Thursday, January 21, 2016. Responses to questions timely received will be distributed by email no later than 4:00 P.M. CST on Friday, January 22, 2016.

VI. REVIEW PROCESS AND TIMETABLE

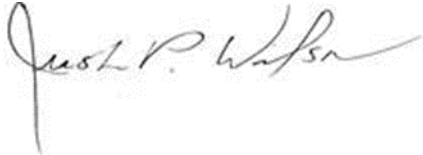
Selection of bond counsel is expected by the end of March, 2016. A more detailed timetable is attached hereto as Attachment C; however, OSLF retains the right to modify this proposed timetable at any time. It is anticipated that, after staff review of the submitted qualification, a short-list of no more than five (5) firms will be selected to respond to questions and to submit a pricing proposal. A draft form of contract, questions, and the form of pricing proposal will be distributed at that time. **Do not submit a pricing proposal until requested to do so.** If determined necessary, interviews by phone or video conference or in person with the staff review team or the Issuers, or both, may be scheduled. Staff review will culminate in a recommendation to the Comptroller for either (1) a recommendation to each of the Issuers regarding selection of bond counsel, or (2) in person interviews. Once the Issuers select a firm, written agreements between bond counsel and each Issuer will be executed. The firm selected is expected to serve for five (5) years, subject to termination with or without cause.

The State and OSLF retain the right to reject all responses, to elect to continue discussions with one or more firms, or act in any manner which, in the sole discretion of Comptroller and the Issuers, is deemed to be in their best interest. The Issuers expect to select as bond counsel the firm who submits the best and most comprehensive response to the subsequent Request for Proposal with the lowest pricing; however, price will not be the sole determining factor.

Beginning on Tuesday, January 12, 2016, and extending until the bond counsel selection process is complete, **the only** contact concerning this process, this Request for Qualifications, the Request for Proposal or information about the Issuers that could be used in responding to this Request for Qualifications is to be made with **the RFQ Coordinator**. Except pursuant to existing bond counsel contracts, **no contact**

should be made with PFM, Inc., any Issuer staff member, any Issuer Board member, or any staff member of an Issuer Board member.

We appreciate your interest in the Issuers and look forward to receiving your response to this RFQ as specified in Section V above.



Justin P. Wilson, Comptroller of the Treasury
Secretary of the State Funding Board and the Tennessee State School Bond Authority

Enclosure: Outline for Qualifications

Attachments: Attachment A: State and Issuer Information
Attachment B: Membership
Attachment C: Timetable

cc: Members of the Issuers
Staff of the Issuers

DRAFT

**OUTLINE FOR QUALIFICATIONS FOR
BOND COUNSEL FOR
THE TENNESSEE STATE FUNDING BOARD AND
THE TENNESSEE STATE SCHOOL BOND AUTHORITY**

Please be as succinct as possible with all summary information and responses to specific questions. Lengthy responses and documents are strongly discouraged. No more than ten (10) pages will be considered for the responses.

Firm Name:
Principal Address:
Contact Person:
Office Address for Contact Person if different from Principal Address:
Contact E-mail and Telephone:

SECTION I - QUALIFICATIONS

1. Please describe the structure of your tax and public finance legal team, indicating the relationship with the firm as a whole. Indicate the number of attorneys (partners, associates, contract lawyers, of counsel or other designations) and designated support staff assigned to tax and public finance as of January 1 in each of the years 2011 to 2016. Provide the following specific information for tax and public finance as of January 1, 2016:

	Management		Professional		Clerical		Total
	Male (number)	Female (number)	Male (number)	Female (number)	Male (number)	Female (number)	
Caucasian (number)							
African American (number)							
Hispanic (number)							
Other (number)							

2. Describe generally your firm's experience since January 1, 2011 with state level issuers of general obligation debt or revenue debt for which your firm acted as bond counsel, tax counsel, and/or disclosure counsel. Specifically identify the state level issuers of general obligation debt, higher education revenue debt, QZAB and QSCB and explain the scope of your firm's responsibilities and when the firm was appointed.
3. For the state level issuers of general obligation debt, higher education revenue debt, and QZAB and QSCB identified in #2 above, in tabular form, indicate the dollar volume and number of debt issues handled for these issuers since January 1, 2011, broken down between short-term and long-term bond issues and identify taxable bond issues, specifying:
 - a. your firm's role whether as bond counsel, tax counsel, and/or disclosure counsel (indicating whether sole or co-counsel);
 - b. type of sale (competitive or negotiated);
 - c. federal tax status (exempt or taxable);
 - d. type of resolution/indenture (closed or open); and
 - e. if a loan program, whether conduit or pooled, and number of projects funded, if available.
4. List the attorneys to be assigned to each Issuer's account, indicating position within the firm, years of experience in public finance with the firm, and office where the attorneys are based. If attorneys listed have experience beyond the firm's experience, please so indicate. Describe how the attorneys will be organized to service the Issuers, identifying the overall key point of contact and the day-to-day contact for each Issuer. Of the hours required to perform services, indicate the percentage to be performed by each attorney.
5. Identify the attorney(s) currently licensed to practice law in the State (or will be) who will be involved in the analysis and opinions regarding the Tennessee State Constitution and Tennessee State law arising in the course of engagement as bond counsel for the Issuers.
6. Since January 1, 2011 in relation to your firm (current or prior members and employees) or to any transactions in which your firm has or had a direct or indirect involvement, are there:
 - (a) any legal or financial/securities investigations, audits, or legal actions in process, or pending, or threatened, or
 - (b) any facts that may create a conflict of interest, that could affect or limit your firm's ability to serve as Issuers' Bond Counsel?

If so, describe.

SECTION II - REFERENCES

1. Provide a contact name, title, email address and phone number for three of the issuers listed in Section I, question 3, to be used as references.
2. List the three financial advisory firms with whom you most frequently work and provide a contact name, title, email address and phone number for each.

ATTACHMENT A

STATE AND ISSUER INFORMATION

Office of State and Local Finance

One of the goals of the Office of State & Local Finance (OSLF) is to access the capital markets efficiently and timely to provide funding for capital projects authorized by the General Assembly. In order to fulfill its purpose, the OSLF manages the State's debt, including issuance of all bonds, notes and repayment of such debt by the State Funding Board (SFB), the Tennessee State School Bond Authority (TSSBA), and the Tennessee Local Development Agency (TLDA). OSLF performs the financial management functions for both the Clean Water and Safe Drinking Water State Revolving Funds. OSLF manages the Qualified Zone Academy Bond (QZAB) and Qualified School Construction Bond (QSCB) programs issued for local government education agencies. OSLF prepares the financial statements for the TSSBA, the TLDA and the State Revolving Funds. Monthly, OSLF issues Investor Updates as a part of its continuing disclosure for SFB.

- SFB — The SFB has responsibility for issuing all State general obligation bonds and notes authorized by the General Assembly and administering and accounting for payment of principal and interest on such debt. The SFB is authorized to establish the State's cash management policy, debt management policy, and investment policy. It is required to comment on the reasonableness of the estimated growth rate of the State's economy as presented in the Tennessee econometric model. Annually, the SFB conducts public hearings to develop consensus estimates of State revenues as part of the budgetary process. The SFB receives and reports on certain information received from other debt issuers. It is further authorized to make loans for the relocation of certain utility system distribution lines. It will be responsible for issuing any debt related to toll road bonds if such bonds are authorized.

The OSLF serves as the registrar and/or paying agent for the State's general obligation debt.

- TSSBA — The TSSBA is delegated the responsibility for issuing bonds and notes to provide funds (1) to make loans to state institutions of higher learning to construct income-producing facilities and (2) to make funds available to the Tennessee Student Assistance Corporation for student loans under the Guaranteed Student Loan Program. The TSSBA is also responsible for the administration of the QZAB and the QSCB programs, federal tax credit/direct subsidy programs originally established through the Taxpayer's Relief Act of 1997 and the American Recovery and Reinvestment Act of 2009 (ARRA), respectively. QZABs are used to provide funds to make loans to local governments for certain educational projects. The 2009 and 2010 QSCB bonds were used to make loans to local governments for certain qualified construction projects. TSSBA issued all of the QSCB bonds allocated under ARRA, so no additional debt will be issued for this program.

AS OF FISCAL YEAR ENDED JUNE 30, 2015

STATISTIC	G.O.¹	HIGHER EDUCATION	QZAB	QSCB	TOTAL
Number of Outstanding Debt Issues	11	19	4 ²	2	36
Average number of new debt issues per year	2	2	0	0	4
Currently Authorized but Unissued Debt (\$)	2,087,645,000 ³	418,561,393	18,862,000	-	2,549,169,393
Long-Term Debt Outstanding (\$)	1,772,015,000	1,546,520,000	43,920,000	389,400,000	3,751,855,000
Short-Term Debt Outstanding (\$)	197,686,000	61,682,000	-	-	259,368,000
Total Debt Outstanding (\$)	1,969,701,000	1,608,202,000	43,920,000	389,400,000	4,011,223,000
Number of Outstanding Loans/Projects	1,236	225	16	28	1,505
Average number of new projects authorized per year	30	15	0	0	65

1) Balances shown are as of June 30, 2015 - subsequently, on October 27, 2015, the state issued \$286,275,000 2015 Series A and \$97,490,000 Refunding Series B bonds.

2) Four issues were outstanding as of June 30, 2015 - subsequently on December 31, 2015 one series matured so there are currently 3 outstanding issues.

3) Including \$874,900,000 authorized for Highways and Bridges. The State has no immediate plans to issue for these purposes.

Links

Comptroller of the Treasury for the State of Tennessee: <http://www.comptroller.tn.gov/>

Office of State and Local Finance: <http://www.comptroller.tn.gov/sl/>

State Funding Board: <http://www.comptroller.tn.gov/TSFB/>

Most Recent Official Statement: <http://www.comptroller.tn.gov/TSFB/statement.asp>

MSRB EMMA filings:

<http://emma.msrb.org/IssuerHomePage/Issuer?id=F185C01DC47619B2E043161E0A0A841E&type=M>

Financial Statements:

http://www.tn.gov/assets/entities/finance/accounts/attachments/cafr_fv15.pdf

State School Bond Authority: <http://www.comptroller.tn.gov/TSSBA/>

Higher Education Program: <http://www.comptroller.tn.gov/TSSBA/HEFPindex.asp>

Most Recent Official Statement:

<http://www.comptroller.tn.gov/TSSBA/HEFPstatement.asp>

QSCB: <http://www.comptroller.tn.gov/TSSBA/QSCBPindex.asp>

QZAB: <http://www.comptroller.tn.gov/TSSBA/QSAPindex.asp>

MSRB EMMA filings:

<http://emma.msrb.org/IssuerHomePage/Issuer?id=FFD33C0E3DC536FCE043151E0A0A2A2A&type=M>

Financial Statements: <http://www.comptroller.tn.gov/repository/SA/ag15003.pdf>

Upcoming meetings of the Issuers: <http://www.comptroller.tn.gov/sl/AgendaMinutes.asp>

Investor Updates: <http://www.comptroller.tn.gov/sl/InvestorUpdates.asp>

Debt Management Policies: <http://www.comptroller.tn.gov/sl/policy.asp>

Available Upon Request

Post-Issuance Compliance Procedures

Post-Issuance Compliance Assessment Form

ATTACHMENT B

Coordinated Decision-Making

	Pension Board	Insurance Committee	THEC	TSSBA	SBC	State Funding Board	TLDA	THDA Bond Finance Committee
Governor			--	Chair	Chair	Chair	Chair	--
Governor Appointed Members			Yes	--	--	--	--	--
Comptroller	Member	Member	Member	Secretary	Member	Secretary	Member	Secretary
Secretary of State	Member		Member	Member	Member	Member	Vice Chair	Member
Treasurer	Chair	Member	Member	Member	Member	Member	Member	Member
Commissioner of Finance and Administration	Member	Member		Member	Member	Member	Member	Member
House Speaker					Member			
Senate Speaker					Member			
President - University of Tennessee				Member				
Chancellor - Tennessee Board of Regents				Member				

ATTACHMENT C TIMETABLE

BOND COUNSEL RFQ/RFP TIMETABLE 2016

Tuesday, January 12	Distribute RFQ (e-mail, OSLF website)
Thursday, January 21	All questions submitted to RFQ Coordinator by 12:00 P.M. CST
Friday, January 22	Responses to questions distributed by email no later than 4:00 P.M. CST
Friday, January 29	Responses to RFQ due
Friday, February 5	Evaluation of responses by Issuer staff Selection of firms for RFP Distribution of RFP
Friday, February 22	Responses to RFP due; pricing proposal submitted separately from response to questions
Week of February 22	Staff selection of firms for telephone interviews
Weeks of February 29 and March 7	Telephone/videoconference interviews with selected firms
Week of March 14	Open and review pricing proposals; make recommendation to Comptroller
Weeks of March 21	In-person interviews with selected firms and Issuers, if needed
Week of March 28	“Joint meetings” of SFB/TSSBA—approve select Bond Counsel
Week of April 4	Execute Bond Counsel Retainer Agreement (May 1, 2016, effective date)
Month of April	Transition activities if needed