

TENNESSEE STATE FUNDING BOARD

August 9, 2019

The Tennessee State Funding Board (the "Board") met on Friday, August 9, 2019, at 11:10 a.m., in the Cordell Hull Building, 1st Floor, House Hearing Room II, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of the State of Tennessee
The Honorable David Lillard, State Treasurer
Commissioner Stuart McWhorter, Department of Finance and Administration

The following members were absent:

The Honorable Bill Lee, Governor

Seeing a physical quorum present, Mr. Wilson called the meeting to order, and barring any further comment, asked approval of the minutes from the June 27, 2019 meeting. Mr. McWhorter made a motion to approve the minutes. Mr. Wilson seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for consideration and approval a "Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$694,477.65 and Canceling Authorized Bonds" to be effective June 30, 2019. Mr. Wilson explained that this resolution was to cancel bonds related to the University of Memphis (UOM) project for acquisition of sites and existing structures within UOM's master plan. Mr. Wilson stated that UOM had made a payment of \$694,477.65 and that such funds had been deposited into the Debt Service Fund. Mr. Wilson made a motion to approve the resolution. Mr. McWhorter seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for consideration and approval a "Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$7,000,000 and Canceling Authorized Bonds" to be effective August 9, 2019. Mr. Wilson explained that this resolution was to cancel unissued bonds authorized for the Department of Safety Interoperable Communication System, as recommended by the Commissioner of Finance and Administration. Mr. Wilson made a motion to approve the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for consideration and approval a "Resolution Authorizing and Providing for the Issuance and Sale of General Obligation Bonds of the State of Tennessee" (the "Resolution") and delegation of authority to the Comptroller to sell and fix the details of the bonds. Adoption of the Resolution would automatically repeal the authorizing resolution adopted by the Board on June 27, 2019. Mr. Wilson stated that, in addition to authorizing new money, the Resolution also provided for the potential of refunding General Obligation Bonds if market conditions were favorable. Mr. Wilson further stated that an advanced refunding was required to be taxable. Mr. Wilson also stated that included with the Resolution was a refunding escrow agreement, in substantive form, from the 2018 General Obligation Bond Sale. Mr. Wilson made a motion to approve the resolution. Mr. McWhorter seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Ms. Sandra Thompson, Director of the Office of State and Local Finance (OSLF) and Assistant Secretary to the Board, to present a report on the General Obligation (GO) indebtedness of the State. Ms. Thompson stated that as of the end of fiscal year 2019 the amount of commercial paper outstanding was \$237,396,000, comprised of \$65,263,000 of taxable commercial paper and \$172,133,000 of tax-exempt commercial paper. Ms. Thompson further stated that as of June 30, 2019, long-term debt outstanding was \$222,610,000 for taxable bonds and \$1,516,005,000 for tax-exempt bonds, for a total long-term debt of \$1,738,615,000. Ms. Thompson also presented an analysis of the GO Commercial Paper Program for the fiscal year 2019 and stated that the average daily balance for taxable commercial paper was \$54,446,014 with interest rates ranging from 2.25% to 2.85%. Ms. Thompson further stated that the average daily balance for tax-exempt commercial paper was \$131,747,850 with interest rates ranging from 1.35% to 1.90%. Ms. Thompson also stated that the Commercial Paper Program incurred expenses during the fiscal year in the amount of \$3,037,214 for interest, \$1,255,000 for the Standby Purchase Agreement fee, \$93,097 in dealer services fee, \$3,000 for issuing and paying agent fee, and \$10,000 for rating fees. No further action was necessary.

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

Approved on this 30th day of October 2019.

Respectfully submitted,



Sandra Thompson
Assistant Secretary