

**TENNESSEE STATE FUNDING BOARD**  
**October 30, 2019**

The Tennessee State Funding Board (the "Board") met on Wednesday, October 30, 2019, at 10:30 a.m., in the Tennessee State Capitol, Executive Conference Room, Nashville, Tennessee. The Honorable David Lillard, Treasurer, was present and presided over the meeting.

The following members were also present:

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

The following members were absent:

The Honorable Bill Lee, Governor  
The Honorable Justin Wilson, Comptroller

Seeing a physical quorum present, Mr. Lillard called the meeting to order and asked for approval of the minutes from the August 9, 2019 meeting. Mr. Hargett made a motion to approve the minutes. Mr. McWhorter seconded the motion, and it was unanimously approved.

Mr. Lillard 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 State Funding Board" (the "Report"). Mr. VanderMeer reported that, as of the date of the last Board meeting on August 9, 2019, the FastTrack balance was \$199,757,283.65. Since that time, \$96,978,939.65 in new funds were appropriated; \$5,460,423.72 in funds were deobligated and returned to the FastTrack program; \$2,000,000.00 in earmarked funds were transferred from the FastTrack program to ECD's business development fund for the purpose of funding a capital outlay project for elementary schools in Sevier County; \$24,918,700.00 in new grants had been approved and \$1,070,392.96 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$247,207,554.06 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$168,139,471.21, resulting in an uncommitted FastTrack balance of \$106,068,082.85. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$4,715,000.00, and if these projects were approved, the uncommitted balance would be \$101,353,082.85, and the total commitments would be \$172,854,471.21, which represented 63.0% of the FastTrack balance.

Mr. Hargett then inquired about the origins of the \$2,000,000.00 of funds earmarked for the Sevier County capital outlay project. Mr. VanderMeer responded that the earmark was an amendment to the appropriations bill of which ECD was initially unaware and whose source was indeterminate. Mr. Rolfe stated that amendments are sometimes done after ECD's budget has been submitted to the Department of Finance and Administration, which was the case in this instance. Mr. Hargett further inquired how ECD determined what the funds were to be used for and who the funds should go to. Mr. VanderMeer responded that ECD legislative staff conversed with legislative staff of the Sevier County legislative delegation who referred ECD to Sevier County Schools to determine the purpose of the capital outlay project. Mr. Lillard then asked if ECD had received a journal voucher to charge the fund for the \$2,000,000.00. Mr. VanderMeer responded in the negative. Mr. Lillard then asked if a grant agreement had been executed. Mr. VanderMeer responded in the negative. Mr. McWhorter asked where the money from FastTrack was going to be transferred. Mr. VanderMeer stated that ECD was requesting the funds be transferred from ECD's FastTrack allotment code

to their business development allotment code. Ms. Jamie Stitt, Assistant Commissioner of Business and Workforce Development, ECD, further explained that the activities that the \$2,000,000 was being requested for were not eligible activities for use of FastTrack funds.

Mr. Lillard then asked over what period of time the Report's administrative expenses were incurred. Mr. VanderMeer responded that approximately \$700,800 related to closing last fiscal year and \$369,600 were administrative expenses from the current year. Mr. VanderMeer further responded that administrative expenses for the FastTrack program totaled \$1,961,000 for fiscal year 2019; 1.86% of the FastTrack budget. Mr. Lillard inquired if all the administrative expenses were related to administration of the FastTrack program. Mr. VanderMeer responded in the affirmative.

Mr. Rolfe then presented the following FastTrack projects:

- **Electric Research and Manufacturing Cooperative, Inc. – Dyersburg (Dyer County)**  
FastTrack Job Training Assistance \$ 790,000.00
- **Crown Laboratories, Inc. – Johnson City (Washington County)**  
FastTrack Economic Development Grant \$1,800,000.00
- **Hubner Component Solutions LLC – Dunlap (Sequatchie County)**  
FastTrack Economic Development Grant \$1,000,000.00
- **Nippon Paint Automotive Services – Chattanooga (Hamilton County)**  
FastTrack Economic Development Grant \$1,125,000.00

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

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

Mr. Lillard then recognized Ms. Sandra Thompson, Director of the Office of State and Local Finance and Assistant Secretary of the Board, to report on the results of the sale of General Obligation Bonds, 2019 Series A and 2019 Series B (Federally Taxable). Ms. Thompson stated that the bonds were sold on September 17, 2019 and issued on October 3, 2019. Ms. Thompson further stated that the 2019 Series A Bonds were sold at a par amount of \$100,105,000.00 and generated a bond premium of \$20,210,207.25 for total proceeds of \$120,315,207.25. Ms. Thompson reported that the 2019 Series B Bonds were sold at a par amount of \$28,000,000.00. Ms. Thompson then stated that the bond sale resulted in total proceeds of \$148,315,207.25 for both series, of which \$20,210,207.25 was bond premium. Ms. Thompson further reported that the final maturity of both series was September 1, 2039. Ms. Thompson then stated that the yield ranged from 1.29% to 2.03% for the 2019 Series A Bonds with a true interest cost of 2.6592%. Ms. Thompson also stated that the yield ranged from 1.79% to 2.87% on the 2019 Series B Bonds with a true interest cost of 2.5297%. Ms. Thompson further reported that the underwriter's discount was \$118,123.90 for the 2019 Series A Bonds and \$12,600.00 for the 2019 Series B Bonds. No further action was necessary.

Mr. Lillard then recognized Ms. Thompson to report on the submission of the "Report on Debt Obligation" (the "Report") for the 2019 bond sale. Ms. Thompson stated that the Report was required by Tennessee Code Annotated §9-21-151, which requires the entity to submit a Report to the ruling board of the issuing

authority of the debt. Ms. Thompson further stated that there was a Report form for each series of bonds. No further action was necessary.

Mr. Lillard then brought forth a discussion regarding a Request for Proposal for Financial Advisor (the "RFP") and recognized Ms. Thompson. Ms. Thompson stated that the current financial advisor contract for the Tennessee State School Bond Authority, Tennessee Local Development Authority, and the Board would expire at the end of the calendar year. Ms. Thompson further stated that the contract ran for an initial three years with two separate one-year extensions, for a total of five years. Ms. Thompson then stated that the Office of State and Local Finance ("OSLF") prepared and sent out the RFP on October 21, 2019 to 14 candidates, receiving a response from one candidate that they did not intend to respond to the request. Ms. Thompson further stated that all technical and cost proposals were due by November 12, 2019. Ms. Thompson then stated that OSLF planned to report back to all of the boards with regards to what responses were received. Mr. Lillard then inquired as to how many responses were expected. Ms. Thompson responded that only one response was received from the current financial advisor during the last RFP process in 2014. No further action was necessary.

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

Approved on this 26<sup>th</sup> day of November 2019.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary