

**TENNESSEE STATE FUNDING BOARD**  
**December 13, 2019**

The Tennessee State Funding Board (the "Board") met on Friday, December 13, 2019, at 10:35 a.m., in the Tennessee State Capitol, Executive Conference Room, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller of the Treasury, 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 asked for approval of the minutes from the November 15, 2019, and the November 26, 2019, meetings. Mr. Lillard made a motion to approve the minutes. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for approval a "Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$1,400,000 and Canceling Authorized Bonds." Mr. Wilson explained that the Resolution was to cancel the bond authorization related to the West Tennessee Megasite project, as was recommended in a memo, dated November 13, 2019, from 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 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 reported that for the period July 1, 2019 through September 30, 2019, net income exceeded the budgeted amount by approximately \$495,000 as a result of the patient mix and the monitoring of expenses. Ms. Brown then reported that for the month of October 2019, each facility was reporting the following average daily census and occupancy information: Murfreesboro – 122 (86.8% occupancy), Humboldt – 130 (92.6% occupancy), Knox County – 133 (95.2% occupancy) and Clarksville – 107 (99.0% occupancy). Ms. Brown further stated that the occupancy rate at the facilities exceeded the state occupancy rate of 74.2%. Ms. Brown also reported that the total cash balance in the Local Government Investment Pool (LGIP) for all facilities was \$16,940,662 as of October 31, 2019. Ms. Brown then reported that an application for federal funding, covering 65% of the cost of construction, had been accepted for a 108 bed facility in Cleveland and one had been submitted for a 126 bed facility in Arlington. Ms. Brown then reported that there was one audit finding, relating to internal controls in one specific area, found during the financial and compliance audit for the fiscal year ended June 30, 2018. Mr. Harries discussed CMS star ratings, regulatory oversight, staffing and occupancy at all homes.

Mr. Hargett then asked what the occupancy level of each individual facility was at the time of the report from the prior year. Ms. Brown responded that the occupancy level was roughly the same as the prior year. Mr. Harries further responded that the facilities were consistently over 90% occupied. Mr. Hargett then asked if they were surprised that the Murfreesboro facility was only at approximately 87% occupancy. Mr. Harries responded that they were, and that it appeared that the number of patients discharged from the area hospitals appeared to decline and resulted in a decline in the occupancy rate. Mr. Harries further responded

that, if a group of residents expire or return home in a short period of time, it became difficult to return to the prior occupancy rate. Mr. Hargett then inquired if any of the facilities, in particularly Clarksville, had a waiting list. Mr. Harries responded that there was a waiting list for all the facilities but currently there were no candidates ready for immediate admission to a facility. Mr. Wilson then asked what was the anticipated long-term demand for the TSVHB services. Mr. Harries replied that there would be a decline in the demand for services due to increasing Medicare patients discharged to outpatient or assisted living facilities, and the growing demand for home health care. Mr. Harries further replied that it was a challenge maintaining the current 90% occupancy level and there was the potential in the long-term future to have to reduce the number of beds in the facilities. Mr. Hargett asked if there were any concerns with the new facilities being built in Cleveland and Arlington when considering the declining demand. Mr. Harries responded no, that those markets would not have the same level of competition as their operating facilities and that, in the case of Cleveland, population dynamics were considered with the facility only having 108 beds. No further action was necessary.

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

Approved on this 21<sup>st</sup> day of January 2020.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Sandra Thompson". The signature is fluid and cursive, with the first name "Sandra" being more prominent than the last name "Thompson".

Sandra Thompson  
Assistant Secretary

**RESOLUTION ALLOCATING FROM THE DEBT SERVICE FUND  
TO THE CAPITAL PROJECTS FUND \$1,400,000 AND  
CANCELING AUTHORIZED BONDS**

**RECITALS**

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 Seven Hundred One Million, One Hundred Thousand Dollars and no Cents (\$701,100,000.00) of which Two Hundred Ten Million, Nine Hundred Thousand Dollars and no Cents (\$210,900,000.00) is allocated pursuant to Section 4(1) of the 2009 Act (the "2009 Act Bonds") to the Department of Finance and Administration. Twenty-Seven Million, Three Hundred Thousand Dollars and no Cents (\$27,300,000.00) of the 2009 Act Bonds authorized is to provide funds for the West Tennessee Megasite Land and Right of Way (the "West TN Megasite") project.

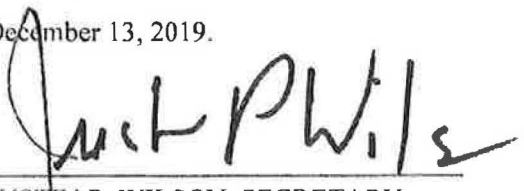
The Funding Board has previously canceled Fourteen Million Dollars and no Cents (\$14,000,000.00) of the 2009 Act Bonds allocated to the West TN Megasite; none of the remaining Thirteen Million, Three Hundred Thousand Dollars and no Cents (\$13,300,000.00) principal amount has been issued as 2009 Act Bonds but bond anticipation notes in the form of commercial paper have been issued.

By memorandum dated November 13, 2019, the Commissioner of Finance and Administration notified the Funding Board that One Million, Four Hundred Thousand Dollars and no Cents (\$1,400,000.00) is available for the West TN Megasite from funds not required for debt service and recommended that: (1) a like amount of commercial paper should be retired without the issuance of bonds and (2) a like amount of authorization be canceled.

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

1. The project authorized to be financed by the 2009 Act Bonds has been financed in part with commercial paper and the commercial paper has been retired in whole or in part without the issuance of bonds and One Million, Four Hundred Thousand Dollars and no Cents (\$1,400,000.00) is no longer needed to fund such authorized project.
2. One Million, Four Hundred Thousand Dollars and no Cents (\$1,400,000.00) in accordance with the authority provided by Tennessee Code Annotated Sections 9-9-205 and 9-9-208, is allocated from the Debt Service Fund to the Capital Projects Fund to defray the cost of a portion of the 2009 Act Bonds.
3. In accordance with the authority provided by Tennessee Code Annotated Sections 9-9-205 and 9-9-208, and the memorandum from the Commissioner of Finance and Administration dated November 13, 2019, the Funding Board hereby cancels One Million, Four Hundred Thousand Dollars and no Cents (\$1,400,000.00) of the principal amount authorized by the 2009 Act for the 2009 Act Bonds.
4. This resolution shall be effective as of December 17, 2019 and all resolutions in conflict herewith are hereby repealed.

Adopted by the Funding Board at its meeting on December 13, 2019.

  
JUSTIN P. WILSON, SECRETARY  
TENNESSEE STATE FUNDING BOARD