

**TENNESSEE STATE FUNDING BOARD**  
**January 21, 2020**

The Tennessee State Funding Board (the "Board") met on Tuesday, January 21, 2020, at 10:00 a.m., in the Cordell Hull Building, State Senate Room II, 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 December 13, 2019 meeting. Mr. Wilson made a motion to approve the minutes. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Ms. Jamie Stitt, Assistant Commissioner of Business and Workforce Development, 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 Board meeting on November 26, 2019, the FastTrack balance was \$272,575,919.94. Since that time, \$1,988.16 in new funds were available as a result of an interest penalty on a clawback provision; \$162,690.50 in funds were deobligated through a clawback provision and returned to the FastTrack program; \$3,268,156.21 in funds were requested to be transferred to the FastTrack program from ECD's business development division for the purpose of incorporating the funds into a current training grant with Hankook Tire Manufacturing Tennessee, LP; \$8,648,814 in new grants had been approved and \$189,125.20 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$267,170,815.61 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$220,704,108.89, resulting in an uncommitted FastTrack balance of \$46,466,706.72. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$9,408,186.21, and if these projects were approved, the uncommitted balance would be \$37,058,520.51, and the total commitments would be \$230,112,295.10, which represented 86.1% of the FastTrack balance.

Ms. Stitt then presented the following FastTrack projects:

- **AllianceBernstein L.P – Nashville (Davidson County)**  
FastTrack Economic Development Grant \$3,332,500.00
- **Adient US LLC - Lexington (Henderson County)**  
FastTrack Economic Development Grant \$1,532,530.00
- **Minth Tennessee International, LLC – Lewisburg (Marshall County)**  
FastTrack Economic Development Grant \$1,275,000.00

- **Hankook Tire Manufacturing Tennessee, LP – Clarksville (Montgomery County)**  
FastTrack Job Training Assistance \$3,268,156.21

Ms. Stitt explained that on May 16, 2018, the Board approved a FastTrack Economic Development Grant to AllianceBernstein at which time the company committed to create 1,050 new jobs with an average wage of \$47.84 per hour and after further review, \$99.87 per hour is the accurate rate.

Ms. Stitt explained that, in addition to a FastTrack Jobs Training Assistance grant for \$16,000,000 that the Funding Board approved in October 2014, the state had also agreed to provide \$6,000,000 of business development funds to Hankook Tire Manufacturing Tennessee, LP over a 10-year period for recruitment screening and cultural integration services. This was accomplished over the past five years through an inter-agency agreement between ECD and the Department of Labor. When the agreement ended in November 2019, there was a balance remaining of \$3,268,156.21. In order to meet the obligation to provide these services, Ms. Stitt stated that ECD is requesting the State Funding Board to approve the transfer of the balance from the Business Development Division to the FastTrack Fund to increase the FastTrack Job Training Assistance grant by the same amount to a total of \$19,268,156.21.

Ms. Stitt then informed the Board that the McKesson Corporation project approved by the Board on November 26, 2019, would have its contract executed under the name Script2U, LLC, a member of the McKesson Corporation family.

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

Mr. Lillard then asked if Script2U, LLC was the entity that would be operating the component unit in the state. Mr. Lillard further inquired about the relationship of McKesson Corporation and Script2U, LLC. Ms. Stitt responded that both McKesson Corporation and Script2U, LLC would be operating in the state and both entities would be represented in the accountability agreement. Ms. Stitt further stated that Script2U, LLC was a new entity spun off from McKesson Corporation and was the entity under which the new jobs would be created.

Mr. McWhorter then asked if the Business Development Division, from which the \$3,268,156.21 was being transferred for the Hankook Tire Manufacturing Tennessee, LP project, kept a balance of grant dollars like the FastTrack program. Mr. VanderMeer responded that the business development division was not a separate fund, only a separate allotment code for funds that can be utilized for particular grants. Mr. McWhorter then asked if funds allocated to the Business Development Division would revert back to the FastTrack fund if not used or remain with the Business Development Division until used for future grants. Mr. VanderMeer then replied that the funds allotted to the Business Development Division would remain there until used or transferred. Mr. Hargett then made a motion to approve the projects. Mr. McWhorter seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Ms. Betsy Knotts, Director of the Division of Local Government Finance ("LGF"), to present the "Report on Industrial Development Corporation Outstanding Debt Report Fiscal Year 2018 and Guidelines." Ms. Knotts stated that legislation was passed in March of 2018 that required industrial development boards to report on their outstanding debt to the Comptroller's Office. Ms. Knotts further stated that LGF sent out 182 requests to industrial development corporations ("IDCs") to report their debt obligations for fiscal year 2018 and received 113 responses, that were provided to the Board members in their packets. Mr. Hargett then noted the number of entities that had not reported and asked what action was taken for non-reporting. Ms. Knotts responded that there was no enforcement mechanism under the

statute as currently written but the entities could be reported to the Division of Local Government Audit that could issue audit findings in future audits. Ms. Knotts further responded that LGF was sending out another memo to remind the IDCs to report their outstanding debt and to provide simplified reporting forms to report non-debt PILOT/leaseholds that resulted from the former practice of IDCs entering a phantom borrowing situation where the rent was imputed over time in order to avoid a taxable leasehold interest.

Ms. Knotts then presented revisions to the Board's Guidelines for Annual Debt Reporting by Industrial Development Corporations ("Guidelines") that consisted of removing all references to the Guidelines being "interim" Guidelines and changing the reference IDCs to industrial development boards to avoid confusion with the entities' preferred nomenclature. Ms. Knotts further stated that the reporting form had been changed to allow the IDC to choose direct borrowing, conduit debt, or non-debt (PILOT/leasehold) as the type of debt from a drop-down menu. Ms. Knotts then stated that the IDC would no longer have to indicate the date a Report on Debt Obligation CT-0253 form ("Form") was filed, only select yes or no from a drop-down menu to indicate if a Form had been filed for the debt obligation. Mr. Wilson then asked if the original interim Guidelines had been put out for public comment. Ms. Knotts responded in the affirmative. Mr. Wilson made a motion to approve the Guidelines. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then acknowledged receipt of the "State of Tennessee Cash Management Improvement Act Annual Report State Fiscal Year 2019" by members of the Board. No further action was necessary.

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

Approved on this 6<sup>th</sup> day of March 2020.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary