

TENNESSEE STATE FUNDING BOARD

June 25, 2020

The Tennessee State Funding Board (the "Board") met on Thursday, June 25, 2020, at 3:45 p.m., in the Cordell Hull Building, 2nd Floor, Volunteer Conference Center, Nashville, Tennessee and via Webex Events. Interested members of the public were only able to observe and listen to the meeting through electronic means. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following member was also physically present:

Commissioner Butch Eley, Department of Finance and Administration

The following members participated electronically via WebEx Events:

The Honorable Tre Hargett, Secretary of State

The Honorable David Lillard, State Treasurer

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Wilson called the meeting to order and asked Ms. Sandi Thompson, Assistant Secretary to the Board and the Director of the Office of State and Local Finance to conduct a roll-call and ask each member to verify that they could hear and speak to other members, that the members had received the documents that would be discussed in the meeting, and that the members identify persons, if any, present in the location from which the member was participating:

Mr. Eley – Aye

Mr. Wilson – Aye

Mr. Hargett – Aye

Mr. Lillard – Aye

Recognizing a quorum present, Mr. Wilson read the following statement:

"Governor Bill Lee, a member of this entity, has previously declared a state of emergency to facilitate Tennessee's response to Coronavirus Disease 2019 (COVID-19). His Executive Order No. 16, as amended by Executive Order No. 34, allows governing bodies to meet electronically regarding essential business in light of COVID-19, so long as they provided electronic access to the public and met certain safeguards established in that Order to ensure the openness and transparency of the proceedings. In the Notice for this meeting, we indicated the meeting would be held in the Video Conference Center, which is currently closed to the public, as well as conducted through WebEx Events and provided information and the steps for public electronic participation. At this time we need a motion to make a determination pursuant to the provisions of Executive Order 16, as amended, that meeting electronically without a physical location is necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak and the matters listed on the agenda for this meeting relate to the essential business of this board and the necessary safe guards have been taken."

Mr. Wilson made a motion to approve the necessity pursuant to Executive Order 16 , and Mr. Eley seconded the motion. Mr. Wilson called upon Ms. Thompson to conduct a roll-call vote:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye
Mr. Lillard – No Vote

The motion carried to conduct the Board meeting in that manner.

Mr. Wilson then presented the minutes from the March 6, 2020, and May 27, 2020, Board meetings and, barring any further comment, made a motion to approve the minutes. Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye
Mr. Lillard – Aye

The motion was unanimously approved.

Mr. Wilson then recognized Mr. Bob Rolfe, Commissioner of 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 March 6, 2020, Board meeting, the FastTrack balance was \$266,244,469.62. Since that time, \$3,677,517.26 of funds had been appropriated as a result of interest earnings from July of 2019 through April of 2020 and \$92,500.00 in funds had been deobligated and returned to the FastTrack program; \$29,797,025.00 in new loans had been approved; and \$500,256.69 in funds were spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$239,717,205.19 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$223,464,904.82, resulting in an uncommitted FastTrack balance of \$16,252,300.37. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$16,000,000.00, and if these projects were approved, the uncommitted balance would be \$252,300.37 and the total committed balance would be \$239,464,904.82, which represented 99.9% of the FastTrack balance.

Mr. Wilson, without objection from the Board, requested that the projects be presented all at one time and Mr. Rolfe agreed. Mr. Rolfe then presented the following FastTrack projects:

- **Hyosung HICO, Ltd d/b/a HICO America – Memphis (Shelby County)**
FastTrack Economic Development Grant \$ 5,000,000
- **LabConnect, INC – Johnson City (Washington County)**
FastTrack Economic Development Grant \$ 1,500,000
- **McKee Foods Corporation, McKee Foods Transportation, McKee Foods Finance – Collegedale (Hamilton County)**
FastTrack Economic Development Grant \$ 1,250,000

- **QTC Management, Inc. – Nashville (Davidson County)**
FastTrack Economic Development Grant \$ 1,250,000
- **Royal Appliance Mfg. Co. d/b/a TTI Floor Care North America – Cookeville (Putnam County)**
FastTrack Economic Development Grant \$ 4,000,000
- **PlastiExports TN, LLC – Erwin (Unicoi County)**
FastTrack Economic Development Grant \$ 1,000,000
- **The Lampo Group, LLC – Franklin (Williamson County)**
FastTrack Economic Development Grant \$ 2,000,000

Mr. Rolfe further stated that the seven projects would create 2,374 net new jobs with a total capital investment of over \$400,000,000. Mr. Rolfe then stated that three of the projects had average wages 12% above the median.

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, and Mr. Rolfe responded affirmatively. Mr. Wilson also inquired if the companies that had signed the incentive acceptance forms fully understood the agreements and Mr. Rolfe responded affirmatively. Mr. Rolfe further responded that all the projects also included accountability agreements which provide protections to the State in the event the entities could not fulfill the agreement. Mr. Wilson made a motion to approve the FastTrack projects that were presented, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye
Mr. Lillard – Aye

The motion was unanimously approved.

Mr. Wilson then brought forth before the Board a “Resolution Making Findings for Decrease in Special Revenues” which was presented pursuant to Section 9-9-104(b), Tennessee Code Annotated. Mr. Wilson stated that the State had covenanted with bond holders that it would not decrease the Special Tax revenues that have been pledged for the payment of principal and interest on its debt unless the Board shall certify the following by resolution as required by TCA Section 9-9-104(b): (1) all payments due pursuant to Tennessee Code Annotated Title 9, Chapter 9 have been made in full; (2) the State is not in default in the payment of any outstanding debt; and (3) fees and taxes pledged pursuant to TCA Section 9-9-104 will be sufficient to provide funds adequate to meet all payments required to be made by the Board in Fiscal Year 2020-2021. Mr. Eley moved for adoption of the resolution, and Mr. Hargett seconded the motion. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye

Mr. Lillard – Aye

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then presented for consideration and acceptance a letter from the Chief Investment Officer of the Tennessee Consolidated Retirement System (“TCRS”) addressed to the Secretary of the Board affirming that TCRS does not plan to terminate its contract prior to July 1, 2021, to serve as a standby purchaser under the State’s commercial paper program. Mr. Wilson stated that the Board had received in their packets a draft letter from the Secretary of the Board to the Chief Investment Officer of the TCRS affirming that the Board also does not plan to terminate the contract prior to July 1, 2021. Mr. Wilson requested approval to execute and submit the letter to TCRS on behalf of the Board. Mr. Wilson made a motion to approve the acceptance of the letter from TCRS and authorize the Comptroller to notify TCRS on behalf of the Board and to send an executed letter to TCRS affirming the Board would not terminate the contract, and the motion was seconded by Mr. Eley. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye
Mr. Lillard – Aye

The motion was unanimously approved.

Mr. Wilson then presented for consideration and approval a “Resolution Allocating Funds to Defray a Portion of the Cost of Highway Bridge Construction Projects and Canceling Authorized Bonds”. Mr. Wilson stated that the resolution canceled authorized bonds for bridge construction in the amount of \$29,100,000.00 and was to be effective June 25, 2020. Mr. Wilson made a motion to approve the resolution, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye
Mr. Lillard – Aye

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then recognized Ms. Thompson to present for consideration and adoption the Post Issuance Compliance Procedures (the “Procedures”). Ms. Thompson stated that the State of Tennessee (the “State”) was an issuer of public securities and that, to comply with certain requirements associated with being an issuer, had established Procedures, which were revised and updated periodically. Ms. Thompson further stated that the Procedures ensured the State’s ongoing compliance with federal tax laws, continuing disclosure requirements, and bond covenants. Ms. Thompson then stated that the Procedures had been circulated to the board members and staff, updated by the Comptroller’s office, and reviewed by bond counsel, the AGs office, and the State’s financial advisor. Mr. Wilson made a motion that the Procedures be adopted, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye

Mr. Lillard – Aye

The motion was unanimously approved.

Mr. Wilson then recognized Ms. Betsy Knotts, Director of the Division of Local Government Finance (“LGF”), to present a Report from the Comptroller’s Office on Requests of Plans of Balloon Indebtedness (the “Balloon Debt Report”). Ms. Knotts stated that Board members had received the Balloon Debt Report, including a memo, describing the plans of balloon indebtedness that were received in fiscal year 2020, and a list of all plans of balloon indebtedness received since fiscal year 2015, with their packets. Ms. Knotts then stated that the Balloon Debt Report was made annually pursuant to Tennessee Code Annotated § 9-21-134, which authorized the Board to establish guidelines with the respect to the approval of issuance of balloon indebtedness by the Comptroller of the Treasury. Ms. Knotts then reported that eighteen plans of balloon indebtedness were submitted to LGF, twelve of which were proposed issuances of refunding bonds to achieve debt service savings. Ms. Knotts further reported that LGF determined that the repayment structures of all twelve of the proposed refundings were in the public’s interest because each one resulted in cost savings to the local government. Ms. Knotts then reported that there were six plans of balloon indebtedness for new money debt and that each plan was evaluated based on the plan’s particular circumstances and a determination was made as to whether the repayment structure was in the public’s interest. No further action was required.

After Mr. Wilson requested other business and heard none, Mr. Eley made a motion to adjourn the meeting, and Mr. Wilson seconded the motion. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Wilson – Aye
Mr. Hargett – Aye
Mr. Lillard – Aye

The motion was unanimously approved. Mr. Wilson adjourned the meeting.

Approved on this 20th day of July 2020.

Respectfully submitted,



Sandra Thompson
Assistant Secretary