

TENNESSEE STATE FUNDING BOARD

July 20, 2020

The Tennessee State Funding Board (the "Board") met on Monday, July 20, 2020, at 1:45 p.m., via WebEx Events with certain members being physically present in the Tennessee State Capitol, Executive Conference Room, Ground Floor, Nashville, Tennessee. 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 members were also physically present:

The Honorable Tre Hargett, Secretary of State
Commissioner Butch Eley, Department of Finance and Administration

The following member participated electronically via WebEx Events:

The Honorable David Lillard, State Treasurer

The following member was 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 meeting held on June 25, 2020. Mr. Hargett made a motion to approve the minutes, and Mr. Eley seconded the motion. Mr. Wilson then asked Ms. Sandi Thompson, Assistant Secretary of the Board and Director of the Division of State Government Finance to conduct a roll call vote:

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

The motion was unanimously approved.

Mr. Wilson then presented for consideration and approval a "Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$468,726 and Canceling Authorized Bonds". Mr. Wilson stated 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 further stated that UOM had repaid \$468,726 of commercial paper and the purpose of the resolution was to cancel a like amount of authorized bonds. This resolution had an effective date of June 30, 2020. Mr. Wilson made a motion to adopt the resolution, and Mr. Hargett seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then recognized Ms. Thompson who presented for consideration and approval a "Resolution Certifying and Authorizing the Allocation of Funds to the Sinking Fund for the 2020-2021 Fiscal Year". Ms. Thompson stated that the resolution is done annually to allocate the amount of tax revenue necessary to meet the state's debt service on its General Obligation bonds. This resolution had an effective date of July 1, 2020. Mr. Wilson made a motion to adopt the resolution, and Mr. Hargett seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then presented for consideration and approval a "Resolution Authorizing the Issuance of General Obligation Bonds of the State of Tennessee". Mr. Wilson stated that the resolution authorized the issuance of General Obligation bonds in the amount of \$124,000,000 for highway construction pursuant to Public Acts 2020, Chapter 649. Mr. Wilson further stated that bonds were not issued for highway construction projects but must be authorized to meet the constitutional requirements to enter into highway construction contracts. This resolution had an effective date of July 1, 2020. Mr. Wilson made a motion to adopt the resolution, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then presented for consideration and approval a "Resolution Authorizing the Issuance of General Obligation Bonds of the State of Tennessee". Mr. Wilson stated that the resolution authorized the issuance of General Obligation bonds in the amount of \$221,696,000 pursuant to Public Acts 2020, Chapter 758. Mr. Wilson further stated that \$52,085,000 was allocated to the Department of Finance and Administration ("F&A") for various capital projects, \$50,000,000 for the Industrial Development Board ("IDB") of the City of Chattanooga for the Volkswagen Group of America project, \$65,000,000 for the IDB of Metropolitan Government of Nashville and Davidson County for the Amazon.com Services project, \$32,911,000 for the University of Memphis STEM Research and Classroom Building project, and \$21,700,000 for the Tennessee Board of Regents - TCAT Chattanooga Advanced Manufacturing Building project. This resolution had an effective date of July 1, 2020. Mr. Wilson made a motion to adopt the resolution, and Mr. Hargett seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then presented for consideration and approval a "Resolution Allocating Funds to Defray a Portion of the Cost of Highway Construction Projects and to Cancel Authorized Bonds". Mr. Wilson explained that the resolution canceled bonds for highway construction projects in the amount of \$74,000,000. This resolution had an effective date of July 1, 2020. Mr. Wilson made a motion to adopt the resolution, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then recognized Ms. Thompson who presented the annual review of the Board's Debt Management Policy (the "Policy"). Ms. Thompson stated that the Policy found in the Board members' packets was previously distributed to the Board members and their staff for review and comments. Ms. Thompson further stated that the Policy requires a review on at least an annual basis. Ms. Thompson then stated that staff was asked to provide updates or comments to the Policy and that none were received, but one revision was necessary to change the name of the Office of State and Local Finance to the Division of State Government Finance. Mr. Hargett then inquired if an annual review of the Policy was often enough. Ms. Thompson replied that revisions would be made as issues arose but if the issues do not occur then the Policy is reviewed at least annually. No further action was necessary.

Mr. Wilson then recognized Ms. Cindy Liddell, Program Accountant, Division of State Government Finance, to present a report on the State of Tennessee general obligation ("GO") commercial paper ("CP") and long-term debt programs (the "Report"). Ms. Liddell first presented an analysis of the GO CP Program for the fiscal year 2020. Ms. Liddell stated that for fiscal year the average daily balance of taxable CP outstanding was \$58,249,885 and \$100,387,036 for tax-exempt CP outstanding. Ms. Liddell further stated that the interest rate range for the fiscal year was 0.60% to 2.60% for the taxable CP and 0.40% to 1.90% for the tax-exempt CP, resulting in weighted average yields of 1.86% for the taxable CP and 1.23% for the tax-exempt CP. Ms. Liddell then stated that the CP Program incurred expenses during the fiscal year in the amount of \$3,286,247 in CP interest, \$1,225,000 for the Standby Commercial Paper Purchaser Agreement Fee, \$79,449 in dealer services fees, \$3,000 for issuing and paying agent fees, and \$10,000 for rating agency surveillance fees. Ms. Liddell then reported that as of the end of fiscal year 2020 the amount of CP outstanding was \$120,996,000, comprised of \$40,863,000 of taxable CP and \$80,133,000 of tax-exempt CP. Ms. Liddell further reported that as of June 30, 2020, long-term debt outstanding totaled \$1,710,955,000 comprised of \$198,165,000 of taxable bonds and \$1,512,790,000 of tax-exempt bonds. No further action was necessary.

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

Approved on this 28th day of August 2020.

Respectfully submitted,


Sandra Thompson
Assistant Secretary

