

## **TENNESSEE STATE FUNDING BOARD**

**August 28, 2020**

The Tennessee State Funding Board (the "Board") met on Friday, August 28, 2020, at 1:00 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 David Lillard, State Treasurer  
Commissioner Butch Eley, Department of Finance and Administration

The following member participated electronically via WebEx Events:

The Honorable Tre Hargett, Secretary of State

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 July 20, 2020. Mr. Wilson made a motion to approve the minutes, and Mr. Eley seconded the motion. Mr. Wilson then asked Ms. Sandra Thompson, Assistant Secretary of the Board and Director of the Division of State Government Finance ("SGF") to conduct a roll call vote:

Mr. Lillard – Aye  
Mr. Eley – Aye  
Mr. Hargett – Aye  
Mr. Wilson – 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 June 25, 2020, Board meeting, the FastTrack balance was \$239,717,205.19. Since that time, \$45,213,862.69 of funds had been appropriated to FastTrack that were derived from interest earned in May and June and appropriations from the State for fiscal year 2020-2021; \$108,500.00 in funds were de-obligated; \$25,698,562.71 in funds earned through gains from the maturity of investments held with the Department of Treasury were transferred to FastTrack; \$12,892,856.21 in new loans had been approved; and \$615,576.72 in funds were spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$297,229,697.66 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$229,767,943.89, resulting in an uncommitted FastTrack balance of \$67,461,753.77. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$8,100,000.00, and if these projects were approved, the uncommitted balance would be

\$59,361,753.77 and the total committed balance would be \$237,867,943.89, which represented 80.0% of the FastTrack balance. Mr. Wilson then asked if the amount of uncommitted funds in FastTrack was adequate. Mr. Rolfe responded in the affirmative. Mr. Rolfe further responded that approximately 5 to 6 potential projects to be brought before the Board were on hold due to the COVID-19 pandemic.

Mr. Rolfe then presented the following FastTrack projects:

- **Tyson Farms, Inc. – Union City (Obion County)**  
FastTrack Economic Development Grant \$ 2,100,000
- **Amazon.com Services, Inc. – Mount Juliet (Wilson County)**  
FastTrack Economic Development Grant \$ 2,000,000
- **Southern Champion Tray, L.P. – Chattanooga (Hamilton County)**  
FastTrack Economic Development Grant \$ 1,200,000
- **MAHLE Behr Dayton L.L.C. – Murfreesboro (Rutherford County)**  
FastTrack Economic Development Grant \$ 2,800,000

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. Lillard made a motion to approve the FastTrack projects that were presented, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

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

The motion was unanimously approved.

Mr. Wilson then recognized Mr. Trent Ridley, Chief Financial Officer of the Tennessee Housing Development Agency (“THDA”), who presented for consideration and approval the THDA’s Schedule of Financing (the “Schedule”) for fiscal year 2020-2021. Mr. Ridley reported to the Board that THDA was required to present the Schedule pursuant to Section 13-23-120(e)(1), Tennessee Code Annotated. Mr. Ridley stated that the Schedule was previously approved by THDA’s Bond Finance Committee and Board of Directors. Mr. Ridley reported that the Schedule reflected a total of \$505,000,000 spread over four bond issuances in fiscal year 2020-2021, which included no refunding bonds. Mr. Ridley further stated that THDA had taken advantage of all possible refunding opportunities through June 30, 2022. Mr. Wilson then asked Mr. Ridley if he perceived the demand to be present for the substantial amount of funds. Mr. Ridley responded in the affirmative. Mr. Ridley further stated that the projection was slightly less than the prior year, but the mortgage rates had just been lowered to three percent (3.0%) effective September 1, 2020, which was expected to increase the demand. Mr. Ridley then stated that there had been a slight decrease in demand due to the COVID-19 pandemic but not nearly to level that was expected. Mr. Wilson stated that

the amount of issuance could later be scaled back if necessary and Mr. Ridley agreed. Mr. Wilson moved approval of the Schedule, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Lillard – Aye  
Mr. Eley – Aye  
Mr. Hargett – Aye  
Mr. Wilson – 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 \$1,400,000 and Canceling Authorized Bonds”. This resolution was to cancel bonds related to West TN Megasite and had an effective date of August 28, 2020. Mr. Lillard made a motion to adopt the resolution, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then presented for consideration and approval a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$7,000,000 and Canceling Authorized Bonds”. This resolution was to cancel bonds related to the Interoperable Communication System Project and had an effective date of August 28, 2020. Mr. Wilson made a motion to adopt the resolution, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then presented for consideration and approval a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$50 and Canceling Authorized Bonds”. This resolution was needed to provide the ability to cancel commercial paper in an even one thousand dollar increment and had an effective date of August 28, 2020. Mr. Lillard made a motion to adopt the resolution, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

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

The motion to adopt the resolution was unanimously approved.

Mr. Wilson then recognized Ms. Thompson who presented for consideration and approval a request from the City of Memphis (the "City") to issue Tourism Development Zone ("TDZ") debt. Ms. Thompson stated that the City requested to issue debt that would be serviced with surplus TDZ revenues and that such an issuance was required to be approved by the Board pursuant to the Convention Center and Tourism Development Financing Act of 1998, as amended by Public Chapter 816, Acts of 2018. Ms. Thompson then stated that the issuance was General Obligation debt in a not-to-exceed principal amount of \$31,000,000 for the purposes of financing the remaining renovation costs of the convention center and certain additional costs around the convention center area. Ms. Thompson further stated that in the event the City did not satisfy the requirements for the release of surplus TDZ revenues from the Surplus Fund or the surplus funds were insufficient to pay the debt service on the bonds, the City agreed to pledge its full faith and credit and unlimited taxing power on all taxable property in the City to pay debt service on the bonds. Ms. Thompson then stated that the City submitted the request and the description of the debt 60 days prior to issuance as required under "Tennessee State Funding Board Guidelines for Requests for Approval to Issue Tourism Development Zone Debt". Ms. Thompson further stated that it was a new money issuance with a level debt service structure, maturing between 2021 and 2031. Ms. Thompson then stated that the sale was expected to occur in October 2020 and would utilize a competitive method of sale. Ms. Thompson further stated that the amortization schedule signed by the Commissioner of the Department of Finance & Administration (F&A) and the binding statements required by state law had been received. Ms. Thompson then related that confirmation from the issuer that the project to be financed was certified as a Qualified Public Use Facility ("QPUF") by F&A had been received and was approved by the State Building Commission on May 22, 2018. Mr. Wilson asked if SGF's analysis found that everything was consistent with the TDZ Act. Ms. Thompson responded in the affirmative.

Mr. Wilson then recognized Mr. Andre Walker, Deputy Chief Financial Officer, City of Memphis, who commented that \$26,000,000 of the bonds would finance the convention center renovations project and the remaining \$5,000,000 would finance infrastructure within the Pinch District. Mr. Walker further stated that both projects were certified as QPUFs. Mr. Eley then stated that F&A reviewed the proposed amortization schedules and believed the information provided was sufficient. Mr. Eley further stated that it was significant that the bond issuance was general obligation and backed by the City's full faith and credit as security. Mr. Wilson made a motion to approve the issuance of TDZ debt, and Mr. Lillard seconded the motion. Ms. Thompson called the roll:

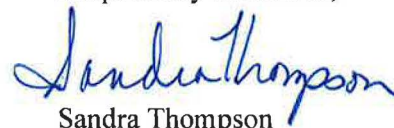
Mr. Lillard – Aye  
Mr. Eley – Aye  
Mr. Hargett – Aye  
Mr. Wilson – Aye

The motion was unanimously approved.

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

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

Respectfully submitted,

  
Sandra Thompson  
Assistant Secretary