

TENNESSEE STATE FUNDING BOARD

June 27, 2023

The Tennessee State Funding Board (the "Board") met on Tuesday, June 27, 2023, at 8:32 a.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason E. Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of State
The Honorable David H. Lillard, Jr., State Treasurer
Commissioner Jim Bryson, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Mumpower established that a quorum was present and called the meeting to order. Mr. Mumpower then presented the minutes from the meeting held on April 26, 2023, for consideration and approval. Mr. Bryson made a motion to approve the minutes, and Mr. Lillard seconded the motion. The minutes were unanimously approved.

Mr. Mumpower then recognized Mr. Stuart McWhorter, Commissioner of the Tennessee Department of Economic and Community Development ("ECD"), to present a FastTrack project 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 April 26, 2023, Board meeting, the FastTrack balance was \$241,712,657.34. Since that time, \$43,685,264.04 in new appropriations had been added, which included a \$40,000,000.00 supplemental appropriation for the LG Chem project; \$35,151.50 in funds had been deobligated. \$2,380,000.00 in funds related to the acquisition of an approximately 1,900 acre site in Coffee County had been transferred from FastTrack and there is an additional \$20,500,000.00 budgeted for the site for transfer in fiscal year 2024. \$25,995,810.00 in new grants or loans greater than \$750,000 had been approved; \$3,619,997.00 in new grants or loans less than \$750,000.00 had been approved; and \$362,477.33 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$253,114,788.55 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of \$254,350,429.20, resulting in an uncommitted FastTrack balance of (\$1,235,640.65). Mr. VanderMeer reported that the amount of proposed grant for the project to be considered at this meeting totaled \$411,000.00, and if this project was approved, the uncommitted balance would be (\$1,646,640.65), for a total committed balance of \$254,761,429.20, which represented 100.7% of the FastTrack balance.

Mr. McWhorter then presented the following FastTrack project:

- **American Water Heater Company – Johnson City (Washington County)**
FastTrack Job Training Assistance Grant \$411,000.00

The Board member packets included a letter and a FastTrack checklist signed by Commissioner McWhorter, and an incentive acceptance form signed by a company representative. Mr. Mumpower

inquired if the company that had signed the incentive acceptance form fully understood the agreement, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if the checklist had been completed for the project, and Mr. McWhorter responded affirmatively. Mr. Mumpower then inquired if the project included accountability agreements which would provide protection for the state in the event the entity could not fulfill the agreement, and Mr. McWhorter responded affirmatively. Mr. Hargett made a motion to approve the project, and Mr. Lillard seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Bruce Balcom, Chief Legal Counsel of the Tennessee Housing Development Agency (“THDA”), to present the THDA Schedule of Financing (the “Schedule”) for Fiscal Year 2023-2024, for consideration and approval. Mr. Balcom stated that THDA legislation required the agency to provide the Schedule to the Board annually. Mr. Balcom stated that the Schedule had been approved by the THDA board. Mr. Balcom then stated that the Schedule was a good faith estimate and not binding on the agency. Mr. Balcom further stated that the Schedule was intended to show the expected bond issuances for the 2023-2024 fiscal year and to provide some historical context for THDA’s bond program. The Schedule detailed three expected bond issuances for the fiscal year. Mr. Lillard made a motion to approve the Schedule, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Mumpower stated that the next item on the agenda was consideration and adoption of written guidelines (the “Guidelines”) to comply with 2023 Public Chapter 300 that provides for a public comment period for public meetings. Mr. Mumpower stated that the Comptroller’s office had worked diligently with the Attorney General’s Office and others to create guidelines for a public comment period to comply with legislation that will be in effect beginning July 1, 2023. Mr. Mumpower stated that each board would determine what best suits its own need. Mr. Mumpower stated the guidelines require that written notification must be received by the Comptroller’s Office Division of State Government Finance two business days in advance of the meeting for which a person wishes to provide public comment and should include the proposed speaker’s name, the agenda item(s) for which they want to speak and whether their comment would be in favor or against the item(s). Mr. Mumpower added that the public comment period would be held at the beginning of the meeting once the meeting is called to order and a quorum has been established. Mr. Mumpower stated that the speakers will be limited to two minutes per person per agenda item with a maximum of two speakers in favor and two speakers against. Mr. Mumpower stated the speakers must identify themselves and stay on topic of the agenda item(s) and should conduct themselves in a respectful manner or they will be asked to remove themselves if they engage in threatening or disruptive speech. Mr. Mumpower stated that the Board in its discretion, may ask relevant questions of any speakers without affecting their allotted time and the chairman may extend the allotted time and/or increase the number of speakers if the chairman determines that the circumstances reasonably require it. Mr. Mumpower made a motion to adopt the Guidelines for public comment to comply with 2023 Public Chapter 300, and Mr. Bryson seconded the motion.

Mr. Mumpower then asked for comments or questions on the Guidelines. Mr. Hargett emphasized the importance of transparency and giving speakers the opportunity to express their views. Mr. Hargett acknowledged that the current Guidelines seemed reasonable and stated that the Board should monitor the process of the public comment period to determine if revisions would be necessary in the future. Mr. Bryson concurred and stated that the Board should observe as the Guidelines are implemented and identify any issues prior to the rulemaking process. In response to concerns about whether the public comment period could include questions, Mr. Mumpower clarified that the public comment period was not a question period. Mr. Mumpower stated that speakers could pose a question in their comments, and the Board may address it later. Mr. Hargett stated that he understood but thought the public might take it as an opportunity

to be recognized and raise questions even though they did not expect an immediate answer. Mr. Mumpower responded affirmatively. Mr. Mumpower then stated that the board would promulgate rules in the future and asked members to think about the language they wanted included in the rules and be prepared to share their ideas at that time. Hearing no further discussion, Mr. Mumpower took the vote, and the motion was unanimously approved.

Mr. Mumpower then recognized Mr. Steve Osborne, Assistant Director of the Division of Local Government Finance (“LGF”), to present updates to the Debt Manual for Local Governments (the “Debt Manual”), Budget Manual for Local Governments (the “Budget Manual”), the Board Guidelines for Industrial Development Board (“IDB”) Debt Reporting (the “IDB Guidelines”), and the Board Guidelines for Balloon Indebtedness (the “Balloon Guidelines”) for consideration for approval. Mr. Osborne stated that the substantive revisions to the Debt and Budget Manuals were due to the consolidation of the Water and Wastewater Financing Board and the Utility Management Review Board into the Tennessee Board of Utility Regulation. Mr. Osborne further stated that additional revisions were made to the manuals to include municipal energy authorities under the budget and debt oversight of the Comptroller following new legislation passed in 2023. Mr. Osborne then detailed the revisions to the IDB Guidelines. Mr. Osborne noted that the IDB Guidelines were revised to change the required filing date to 120 days from the close of each IDB’s fiscal year end date. Mr. Osborne then detailed the revisions to the Balloon Guidelines. Mr. Osborne then noted that the requirement for the adoption of a plan of balloon debt management for issuing or refunding balloon debt had been removed because the requirement was no longer applicable. Mr. Mumpower made a motion to approve the revisions. Mr. Hargett seconded the motion, and it was unanimously approved.

Having realized that the previous item on the agenda had not been addressed, Mr. Mumpower recognized Ms. Sandra Thompson, Director of the Division of State Government Finance and Assistant Secretary to the Board, to present the annual review of the Board’s Debt Management Policy (the “Policy”). Ms. Thompson stated that the Policy required that an annual review be conducted at least annually. Ms. Thompson then stated that there were no material changes to the Policy, only minor changes that were more grammatical in nature. Ms. Thompson further pointed out an example of one of the minor revisions, Comprehensive Annual Financial Report (CAFR) was changed to Annual Comprehensive Financial Report (ACFR) per GFOA requirements. The Board acknowledged the changes made to the Policy. No further action was necessary.

Mr. Mumpower then recognized Ms. Thompson to present the Tennessee Consolidated Retirement System (“TCRS”) affirmation of the Standby Commercial Paper Purchase Agreement for consideration and acceptance. Ms. Thompson stated that the Comptroller had received a letter from the Chief Investment Officer of the TCRS to the Secretary of the Board that affirmed that TCRS did not plan to terminate its contract prior to July 1, 2024, to serve as a standby purchaser under the State’s commercial paper program. Ms. Thompson then stated that a draft letter was in the members board packet from the Secretary of the Board to the Chief Investment Officer of the TCRS that affirmed that the Board also did not plan to terminate the contract prior to July 1, 2024, and requested submission of the letter to affirm that the Board would not terminate its contract. Mr. Mumper made a motion to accept the letter from TCRS and authorize the Comptroller to notify TCRS on behalf of the Board and to execute and send a letter to TCRS to affirm that the Board would not terminate the contract. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present a revised “Resolution Authorizing and Providing for the Issuance and Sale of General Obligation Bonds of the State of Tennessee” (the “Bond Resolution”) for consideration for approval. Ms. Thompson stated that a resolution was previously approved by the Board that authorized the issuance of General Obligation (“GO”) bonds in an amount not to exceed \$510,000,000.00 to provide funds for making a grant to Metropolitan Government of Nashville Davidson County for construction of a domed sports stadium, pursuant to the fiscal year 2022-2023 bond bill (Public Act 2022 Chapter 1133). Ms. Thompson then requested approval of the amended Bond Resolution to authorize and increase the not to exceed amount to \$575,000,000.00. Ms. Thompson further stated that the increase was to allow for the long-term financing of the West Tennessee Megasite project that was initially funded with GO commercial paper and for which spending of the project’s bond authorization had been completed. Mr. Mumpower made a motion to approve the Bond Resolution, and Mr. Bryson seconded motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present a “Resolution Making Findings for Decrease in Special Revenues” as required by Section 9-9-104(b), Tennessee Code Annotated (“TCA”) for consideration and approval. Ms. Thompson stated that the state had covenanted with its bondholders 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 certifies by resolution, as required by § 9-9-104(b), the following:

- All payments due to pursuant to statute have been made in full.
- The state is not in default in payment of any outstanding debt.
- Fees and taxes pledged pursuant to TCA § 9-9-104 will be sufficient to provide funds adequate to meet all payments required to be made by the Board in fiscal year 2023-2024.

Ms. Thompson then stated that the resolution was in the Board members’ packets. Mr. Mumpower made a motion to approve the resolution. Mr. Bryson seconded motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$266,242.41 and Canceling Authorized Bonds” for consideration and approval. Ms. Thompson stated that the state had provided funding through the commercial paper program for the University of Memphis (“UOM”) to purchase sites and existing structures in accordance with their master plan. Ms. Thompson further stated that UOM had repaid the borrowing in the amount of \$266,242.41 and a like amount of GO bonds had been canceled. Ms. Thompson then stated that the resolution canceled bonds for the UOM 101 Properties project in the amount of \$266,242.41 and would be effective as of June 27, 2023. Mr. Mumpower made motion to approve the resolution. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$2,445.07 and Canceling Authorized Bonds” for consideration and approval. Ms. Thompson stated that the resolution canceled prior bond authorizations in the amount of \$2,445.07 and that the funds were not required for debt service. Ms. Thompson further stated that the resolution would be effective as of June 27, 2023. Mr. Mumpower made a motion to approve the resolution. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present a “Resolution Certifying and Authorizing the Allocation of Funds to the Sinking Fund for the 2023-2024 Fiscal Year” for consideration and approval.

Ms. Thompson stated that the resolution certified the amount of taxes and fees that would be deposited into the sinking fund to cover debt service expenses for fiscal year 2023-2024. Ms. Thompson then stated that the resolution would be effective as of July 1, 2023. Mr. Mumpower made a motion to approve the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present a "Resolution Allocating Funds to Defray a Portion of the Cost of Highway Construction Projects and Canceling Authorized Bonds" for consideration and approval. Ms. Thompson stated that the resolution canceled bond authorizations for highway construction projects in the amount of \$83,800,000.00. Ms. Thompson then stated that the resolution would be effective as of July 1, 2023. Mr. Mumpower made a motion to approve the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present a "Resolution Authorizing the Issuance of General Obligation Bonds of the State of Tennessee" for consideration and approval based on Chapter 421, Public Acts 2023 (the "2023 Bond Bill"). Ms. Thompson stated that the resolution authorized the issuance of GO bonds in the amount of \$83,800,000.00, pursuant to the fiscal year 2023-2024 bond bill (Public Act 2023 Chapter 421). Ms. Thompson then stated that the resolution would be effective as of July 1, 2023. Ms. Thompson further explained that the state's current practice was to fund highway projects with cash and not issue bonds, but the bond authorization would be utilized to facilitate contracts for highway construction. Mr. Mumpower made a motion to approve the resolution. Mr. Bryson seconded the motion, and it was unanimously approved.

Mr. Mumpower stated that concluded the business on the agenda. Mr. Bryson made a motion to adjourn the meeting, and Mr. Hargett seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this 21st day of August 2023.

Respectfully submitted,



Sandra Thompson
Assistant Secretary