TENNESSEE STATE FUNDING BOARD
December 21, 2015

The Tennessee State Funding Board (the "Board") met on Monday, December 21, 2015, at 11:25 a.m., in LP-30, Legislative Plaza, Nashville, Tennessee. The following members were present:

The Honorable Tre Hargett, Secretary of the State of Tennessee
The Honorable Justin Wilson, Comptroller of the Treasury
The Honorable David Lillard, State Treasurer

The following members were absent:

The Honorable Bill Haslam, Governor
Commissioner Larry Martin, Department of Finance and Administration

Seeing a physical quorum present, Mr. Wilson called the meeting to order.

Mr. Wilson then recognized Mr. Allen Borden, Assistant Commissioner, Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Senior Financial Advisor, ECD, to present the FastTrack funding report. Mr. VanderMeer reported that, as of the date of the last Board meeting, the FastTrack balance was $177,620,820.45 and since that time funds in the amount of $53,000.00 had been deobligated and returned to the FastTrack program; and $13,961,611 in new loans had been approved, which resulted in an adjusted FastTrack balance available for funding grants or loans of $163,712,209.45 as of today's meeting. Mr. VanderMeer reported that commitments in the amount of $130,517,032.35 resulted in an uncommitted FastTrack balance of $33,195,177.10. Mr. VanderMeer reported that the projects to be considered at this meeting totaled $17,718,575.00, and it these projects were approved, the uncommitted balance would be $15,476,602.10, or 90.5% of FastTrack funds committed.

Mr. Borden stated that the projects were being presented to the Board because state law required that FastTrack projects in amounts exceeding $750,000 per eligible business within any three-year period be reviewed and approved by the Board. Mr. Borden then presented the following FastTrack projects:

- **Advanced Munitions International (AMI) – Alcoa (Blount Co)**
  FastTrack Economic Development $ 6,050,000.00

- **Allied Dispatch Solutions – Johnson City (Washington Co.)**
  FastTrack Economic Development $ 962,000.00

- **Eagle Bend Mfg., Inc. – Clinton (Anderson Co.)**
  FastTrack Job Training Assistance $ 92,075.00
  FastTrack Infrastructure Development $ 764,500.00

- **Lifetime Products, Inc. – Knoxville (Knox Co.)**
  FastTrack Economic Development $ 1,650,000.00

- **Morgan Olson, LLC – Loudon (Loudon Co.)**

FastTrack Job Training Assistance	$ 1,000,000.00
FastTrack Economic Development	$ 1,500,000.00

- **Regal Cinemas, Inc. – Knoxville (Knox. Co.)**

FastTrack Economic Development	$ 1,500,000.00

- **Orgill, Inc. – Collierville (Shelby Co.)**

FastTrack Economic Development	$ 2,000,000.00

- **Wonder Porcelain Group LLC – Mount Juliet (Wilson Co.)**

FastTrack Economic Development	$ 2,200,000.00

Mr. Wilson stated that the Board received a signed letter from Mr. Randy Boyd, Commissioner of ECD, which stated that the projects met all the statutory requirements, and a signed FastTrack Checklist for each of the projects under consideration. Mr. Wilson inquired if the information contained in the letter and checklists was true and correct, and if the signature was that of Commissioner Boyd. Mr. Borden responded affirmatively. Mr. Lillard made a motion to approve the FastTrack grants for the projects presented. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Hargett asked if ECD included any claw back provisions in their FastTrack grant documents and Mr. Borden responded affirmatively. Mr. Borden explained that for FastTrack training grants the project must hit at least 80% of the jobs that the company committed to and if they do not hit that 80%, the claw back would kick in. Mr. Borden also stated that ECD only incentivizes net new jobs. Mr. Lillard commented that Orgill, Inc. is one of the oldest companies in Memphis-Shelby County and is a significant factor in Shelby County's economy.

Mr. Borden then noted that ECD had two items on the agenda for additional disclosure. Mr. Borden stated that Jackson Kayak, Inc. was originally presented and approved by the Board for $1,250,000.00 for FastTrack Economic Development funds. Mr. Borden noted the new request from Jackson Kayak, Inc. is for the $1,250,000 to be split between FastTrack Job Training Assistance funds ($250,000.00) and FastTrack Economic Development funds ($1,000,000.00). Mr. Borden noted that HCFS Health Care Financial Services. LLC. ("HCFS"), had a FastTrack grant approved in the amount of $500,000.00. Although the request does not exceed the $750,000 statutory requirement, Mr. Borden stated that ECD was notifying the Board because HCFS is a division of TeamHealth, Inc., and the Board had previously approved FastTrack grants to TeamHealth, Inc. that do exceed $750,000.

Mr. Wilson then acknowledged receipt of a letter regarding the "Cash Management Improvement Act Annual Report" presentation to the Board, which noted there is no mandate that the report be formally presented to the Board. Mr. Wilson then noted that each member had received a copy of the "Cash Management Improvement Act Annual Report State Fiscal Year 2015". The Board acknowledged the report and no further action was required.

Mr. Wilson then recognized Mr. Steve Curry, Assistant Treasurer, who presented a proposed plan of correction for the City of Dyersburg for the city's defined benefit plan pursuant to Public Chapter 990, Acts of 2014 (codified in Tenn. Code Ann. Title 9, Chapter 3, Part 5). Mr. Curry stated that Public Chapter 990 required any political subdivision with a defined benefit plan that is not administered by the Tennessee Consolidated Retirement System ("TCRS") to follow certain requirements, including: (1) adopt a pension funding policy and file it with the Comptroller; and (2) the pension funding policy should provide that the political subdivision will pay at least 100% of the Actuarially Determined Contributions ("ADC). Mr. Curry then stated there are two exceptions to Chapter 990: (1) a political subdivision not paying 100% of the ADC at June 30, 2015 shall make progress by equally increasing the percentage during the ensuing five years so that 100% funding occurs by 2020, or (2) if a political subdivision is not able to meet the equitable funding progress, then the political subdivision may submit a plan of correction with the state treasurer for consideration; the plan of correction must provide funding 100% of the ADC by 2020; and the state treasurer shall submit the plan of correction to the state funding board for approval. Mr. Curry stated that the City of Dyersburg submitted a plan of correction to the State Treasurer and the State Treasurer has reviewed the plan. Mr. Curry noted that the City of Dyersburg City Council approved a number of actions relative to the defined benefit plan which included adopting a pension funding policy, adopting a request for a plan of correction, and structural changes to their defined benefit plan. Mr. Lillard made a motion to approve the plan of correction for the City of Dyersburg, provided that the City of Dyersburg be required to promptly furnish to the State Treasurer any financial statement or actuarial study that is completed at any time before the year ended June 30, 2020, and that the City of Dyersburg promptly furnish to the State Treasurer any changes to its pension plan, including the results of its service sell back program and any other information the State Treasurer may request. Mr. Wilson seconded the motion and it was unanimously approved.

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

Approved on this 20th day of January 2016.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary