TENNESSEE STATE FUNDING BOARD
March 21, 2017

The Tennessee State Funding Board (the "Board") met on Tuesday, March 21, 2017, at 2:05 p.m., in the State Capitol, Ground Floor, Room G-3, Nashville, Tennessee. The Honorable Justin Wilson, Comptroller, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of the State of Tennessee
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 and asked for approval of the minutes from the February 16, 2017 meeting. Mr. Lillard made a motion to approve the minutes. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Mr. William Wood, Budget Analyst, Tennessee Comptroller of the Treasury, who presented a staff analysis of the "Economic Report to the Governor of the State of Tennessee" (the "Economic Report"). Mr. Wood stated that Tennessee Code Annotated 9-4-5202 directs the Board to secure estimates of economic growth from the Tennessee econometric model published by University of Tennessee's Boyd Center for Business and Economic Research ("CBER") in its annual Economic Report and to comment on the reasonableness of CBER's projections concerning the rate of growth of Tennessee's economy. Mr. Wood stated that based on review of the Economic Report and evaluation of current economic conditions and trends, the Economic Report's estimates of 4.51% in calendar year 2017, 5.09% in calendar year 2018, and 4.80% in both fiscal years 2017 and 2018 do not appear to be unreasonable. Mr. Wilson made a motion that the Board accept the staff's analysis that the forecasts presented in the Economic Report are reasonable. Mr. Hargett seconded the motion and it was unanimously approved.

Mr. Wilson then acknowledged that the Board received from the Attorney General the "List Identifying State Tax and Non-Tax Revenue Sources (the "List of Revenue Sources"). Mr. Wilson made a motion to accept the List of Revenue Sources and to direct the Comptroller staff to prepare a letter to present to the Chairmen of the State and House Finance, Ways and Means Committees, along with the List of Revenue Sources. Mr. Hargett seconded the motion and it was unanimously approved.

Mr. Wilson then recognized Ms. Sandra Thompson, Director of the Office of State and Local Finance (OSLF). Ms. Thompson explained that the OSLF administers the commercial paper (CP) program for general obligation debt of the State of Tennessee. Ms. Thompson stated that the current issuing and paying agent (IPA) for the CP program was Regions Bank. Ms. Thompson stated that Regions Bank notified the Comptroller's office that they would no longer be providing the service of IPA and submitted a letter of resignation effective April 30, 2017. Ms. Thompson explained that the OSLF worked with Public Financial Management (PFM), financial advisor to the State of Tennessee, who assisted in determining firms that still provided IPA services and solicited responses for pricing from those firms. Ms. Thompson stated that four firms indicated they would not be responding to the request due to the CP market not being a growing business line. OSLF did received responses from three firms: Zions Bank, MUFG Union Bank and US Bank. Ms. Thompson stated that PFM compared the fees proposed by the three respondents and provided a recommendation that was included in the Board materials provided. PFM recommended Zions Bank as

the low cost provider. Ms. Thompson stated that a summary of the fee proposals was provided in the Board materials also. Ms. Thompson stated that staff was asking for the Board's consideration and approval to appoint Zions Bank as the successor IPA for the State of Tennessee's general obligation CP program. Mr. Lillard made a motion to select Zions Bank as IPA. Mr. Wilson seconded the motion, and it was unanimously approved.

Mr. Wilson then notified the Board that the General Assembly of the State of Tennessee could pass legislation that would alter the Franchise Tax and, if passed, the Board would be required to make certain findings before the law could become effective. No further action was necessary.

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

Approved on this 11th day of May 2017.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary