TENNESSEE STATE FUNDING BOARD
June 19, 2018

The Tennessee State Funding Board (the "Board") met on Tuesday, June 19, 2018, at 11:00 a.m., in the Tennessee State Capitol, Ground Floor, Executive Conference Room, 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 barring any further comment, asked approval of the minutes from the May 16, 2018 and May 25, 2018 meetings. Mr. Hargett made a motion to approve the minutes. Treasurer Lillard seconded the motion and it was unanimously approved.

Mr. Wilson 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 2018-2019. 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 $436,000,000 in bonds to be issued in fiscal year 2018-2019, which included $37,890,000 in refunding bonds. Mr. Ridley further reported that as of May 31, 2018, THDA's total debt was $1,950,000,000, which included $225,000,000 issued with the State of Tennessee's moral obligation. Mr. Wilson inquired if the demand was present for the level of scheduled bond issuances in fiscal year 2018-2019. Mr. Ridley responded affirmatively. Mr. Hargett asked if the demand would surpass the proposed schedule of bond issuances. Mr. Ridley replied that it was possible. Mr. Wilson inquired if there had been an increase in the default rate. Mr. Ridley responded that the default rate had been declining year over year and that Volunteer Mortgage, the servicing agent for THDA's mortgage loans, had done a good job managing the portfolio. Mr. Wilson moved approval of the Schedule. Mr. Hargett seconded the motion and it 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 last Board meeting, the FastTrack balance was $221,822,284.49. Since that time, a supplemental appropriation of $38,000,000, $20,000,000 for DENSO Manufacturing and $18,000,000 for Tyson Foods, had been received; $4,144,037.94 in funds had been deobligated and returned to the FastTrack program; two earmarks from the appropriations bill that will transfer $6,000,000 from FastTrack to fund expanded training programs at Pellissippi State Community College in relation to the DENSO project and to fund a work-based learning student grant program established by Chapter 991, Public Acts of 2018; $9,928,680 in new loans had been approved; and $60,263.96 in funds were spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of $247,977,378.47 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of $205,108,536.78,

resulting in an uncommitted FastTrack balance of $42,868,841.69. Mr. VanderMeer reported that the projects to be considered at this meeting totaled $29,371,000.00, and if these projects were approved, the uncommitted balance would be $13,497,841.69 and the total committed balance would be $234,479,536.78, which represented 94.6% of the FastTrack balance. Mr. Wilson clarified that the Report did not include any money that would be allocated for fiscal year 2018-2019, and Mr. VanderMeer agreed. Mr. Wilson then asked Mr. Rolfe if he was comfortable with the approximately $13,500,000 uncommitted amount of funding for the remainder of FY2018. Mr. Rolfe responded affirmatively and added that he was grateful to be able to grant commitments and not run out of money.

Mr. Rolfe requested that the projects were being presented to the Board be presented at one time and Mr. Wilson agreed. Mr. Rolfe then presented the following FastTrack projects:

- **Atlasbx America Corp. – Clarksville (Montgomery County)**
  FastTrack Economic Development Grant $ 3,000,000

- **DENSO Manufacturing Tennessee – Maryville (Blount County)**
  FastTrack Economic Development Grant $20,000,000
  FastTrack Job Training Grant $ 1,500,000

- **Flextronics Logistics USA, Inc. & Flextronics International USA, Inc. – Memphis (Shelby County)**
  FastTrack Economic Development Grant $ 1,500,000
  FastTrack Job Training Grant $ 750,000

- **Nidec Motor Company dba Leroy Somer Americas – Lexington (Henderson County)**
  FastTrack Economic Development Grant $ 1,000,000
  FastTrack Job Training Grant $ 800,000

- **Petoskey Plastics, Inc. – Morristown (Hamblen County)**
  FastTrack Infrastructure Development Grant $ 750,000
  FastTrack Job Training Grant $ 71,000

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. Wilson made a motion to approve the FastTrack projects that were presented. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented a letter from the Tennessee Consolidated Retirement System ("TCRS") affirming that TCRS does not intend to exercise its option to cancel the agreement to serve as standby purchaser for the State's general obligation commercial paper program during fiscal year 2018-2019. Mr. Wilson stated that the letter was presented for financial reporting purposes and requested authority from the Board to notify TCRS of the Board's intent to not exercise its option to cancel the agreement for the fiscal year 2018-2019. A copy of such letter was included in the packet. Mr. Hargett made a motion to accept the letter from TCRS and authorized the Comptroller to notify TCRS on behalf of the Board. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Wilson then brought forth before the Board a "Resolution Making Findings for Decrease in Special Revenues" (the "Resolution") which was being presented pursuant to Section 9-9-104(b), Tennessee Code Annotated. Mr. Wilson stated that the State was not in default in the payment of any outstanding debt or in

the payment of interest. Mr. Wilson also stated that the State had sufficient funds adequate to meet all payments required to be made by the State Funding Board in the fiscal year 2018-2019. Mr. Wilson further stated that the Board received a letter from the Commissioner of Finance & Administration confirming the following: (1) all payments due pursuant to Tennessee Code Annotated Title 9, Chapter 9 have been made in full; (2) the State is not in default in the payment of any outstanding debt or in the payment of interest thereon; and (3) notwithstanding the lowering of the collections in the taxes imposed by the franchise tax law compiled in Title 67, Chapter 4, Part 21, Tennessee Code Annotated, such collections will be fully sufficient to provide funds adequate to meet all payments required to be made by the Board in the upcoming fiscal year and to provide for the other obligations of the State in fiscal year 2018-2019. Mr. Wilson moved for adoption of the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for discussion the "Tennessee State Funding Board Guidelines for Debt Reporting by Industrial Development Corporations ("IDC")" (the "IDC Guidelines"). Mr. Wilson stated Public Chapter 529, Acts of 2018 (the "IDC Act"), as codified in T.C.A. § 7-53-304(b), requires that each IDC maintain an aggregate listing of its current debt, including conduit debt obligations, in accordance with guidelines approved by the Board and file this listing and any other information required by the IDC Guidelines to the Board annually. The IDC Act also requires each IDC to file with the Board a notice of default on any of its debt obligations within fifteen (15) days of an event. Mr. Wilson stated that the IDC Guidelines were drafted by the Board's staff. Mr. Wilson made a motion requesting approval of the Board to direct the staff to post the guidelines for public comment. Mr. Hargett seconded the motion and inquired how long the guidelines should be posted. Mr. Wilson responded 60 days, and the motion was unanimously approved.

Mr. Wilson then brought forth for discussion the "Tennessee State Funding Board Guidelines for Approval of Qualified Tourism Development Zone ("TDZ") Bonds, Notes or Other Indebtedness" (the "TDZ Guidelines"). Mr. Wilson stated Public Chapter 816, Acts of 2018, amended Title 7, Chapter 88 of the TCA (the "1998 Act") to require the Board to approve any bonds, notes, or other indebtedness, including and refinancing or refunding, with a pledge of an allocation of state and local sales and use taxes proposed to be sold pursuant to the 1998 Act. Mr. Wilson stated that the TDZ Guidelines were drafted by the Board's staff. Mr. Wilson made a motion requesting approval of the Board to direct the staff to post the guidelines for public comment for 60 days. Mr. Hargett seconded, and the motion was unanimously approved.

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

Approved on this 17th day of July 2018.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary