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Comptroller

Tennessee State Funding Board Guidelines

Debt Reporting by Public Entities

I. Background

The purpose of Tenn. Code Ann. § 9-21-134(d) is to promote transparency by requiring Public Entities to disclose information regarding financial obligations. Terms used in these Guidelines shall have the meaning as defined in the Glossary (see Appendix A).

II. Reporting Requirements

A. Report on Debt Obligation

Public Entities must submit the information outlined in Appendix B to its governing body, with a copy to the Comptroller's Office within forty-five (45) calendar days of the issuance, reissuance, incurrence, execution, or assumption of a finance transaction. See Appendix B for the content of the submission and Appendix C for exemptions and clarifications.

B. Continuing Disclosure

Public Entities with publicly traded debt must comply with the applicable Continuing Disclosure Agreement ("CDA"). This includes CDAs executed after February 27, 2019, that must include requirements for disclosure of financial obligations and events of default on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board (MSRB) in accordance with SEC Rule 15c2-12.

C. Notices of Events of Default, Covenant Violations, and Credit Rating Downgrades

Public Entities must notify the Comptroller's Office of events of default, covenant violations, and credit rating downgrades within ten (10) business days of occurrence. The notification must include copies of the underlying documents such as:

- event reporting notice of default
- notice of covenant violation
- credit rating downgrade notification from a rating agency or agencies
- loan agreement or similar documents for a debt obligation

The reporting content, format, and method of delivery will be as prescribed by the Comptroller's Office.

D. Reporting by Industrial Development Boards and Public Building Authorities

Industrial development boards (“IDBs”) incorporated pursuant to Tenn. Code Ann., Title 7, Chapter 53, that comply with the Board’s Guidelines for Debt Reporting by IDBs (the “IDB Guidelines”), will be deemed to have complied with the requirement for notices of default in subsection C above. IDBs must comply with the remaining Guidelines in subsection C for reporting covenant violations and credit rating downgrades and with the requirements in subsections A and B.

In the case of debt obligations issued or incurred by a public building authority (“PBA”) incorporated pursuant to Tenn. Code Ann., Title 12, Chapter 10 to provide capital financing for a Public Entity other than the PBA, the portion of these Guidelines related to the reporting of events of default, covenant violations, and credit rating downgrades shall apply to the Public Entity and not the PBA.

Approved by the State Funding Board at its meeting on June 27, 2019, and amended on June 23, 2025.

Appendix A

Glossary

Covenant Violation – means noncompliance with one or more covenants as defined in a lending document of a Debt Obligation.

Credit Rating Downgrade – means the reduction or elimination of a credit rating by any nationally recognized statistical rating organization as identified by the United States Securities and Exchange Commission.

Debt Obligation – means a Public Entity’s debt, debt-like and debt related obligations, and financing leases but does not include a Public Entity’s ordinary financial and operating liabilities incurred in the normal course of the Public Entity’s business.

Event of Default – as defined in Tenn. Code Ann. § 9-21-134(a), means default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a debt obligation of a Public Entity, any of which reflect financial difficulties of the Public Entity.

Finance Transaction – as defined in Tenn. Code Ann. § 9-21-134(a), means a transaction in which a public entity issues, incurs, executes, or assumes a Financial Obligation.

Financial Obligation – refers to definition for “Debt Obligation”.

Name of Debt Obligation – means the name of the Debt Obligation as reported on the official statement or offering memorandum, loan document, or as reported in the financial statements.

Public Entity – as defined in Tenn. Code Ann. § 9-21-134(a), means the State, a state agency, a local government, a local government instrumentality, or any other authority, board, district, instrumentality, or entity created by the State, a state agency, local government, a local government instrumentality, or combination, thereof.

Type of Debt Obligation – means bond, note, financing lease, loan agreement, , guarantee or other description of Debt Obligation.

Appendix B

Report on Debt Obligation

Minimum Information

Public Entities must submit the below required information to its governing body, with a copy to the Comptroller's Office within forty-five (45) calendar days of the issuance, reissuance, incurrence, execution, or assumption of a debt obligation.

The online reporting form is available at: tncot.cc/debt-report.

I. Required Information for the Form, as applicable

1. Entity Name
2. Entity Address
3. Debt Issue Name and Year
4. Debt Issue Face (Par) Amount and Original Issue Discount or Premium Amount
5. Tax Status (Tax-Exempt or Taxable)
6. Interest Rate
7. Type of Debt Issue
8. Ratings
9. Purpose of Debt Issue
10. Security for the Debt Issue (General Obligation, Revenue, etc.)
11. Type of Sale (Competitive or Negotiated)
12. Dated Date and Issue/Closing Date
13. Amortization Schedule - Maturity Dates, Amounts, and Interest Rates
14. Name and Type of Professionals Involved with Debt Issuance and Costs of Issuance
15. Information about Posting to EMMA
16. Name of Chief Executive of Finance Officer of the Public Entity
17. Name of Preparer (Submitter)
18. Date of the Public Meeting at which the form is to be presented

Appendix C

Report on Debt Obligation

Exemptions and Clarifications

I. Exemptions

The State Funding Board has exempted the following finance transactions from the disclosure and filing requirement of Tenn. Code Ann. § 9-21-134:

1. Borrowings by the University of Tennessee and by the State Board of Regents from the Tennessee State School Bond Authority; note, the TSSBA would continue be subject to the requirements [Section 9-21-134(b)(2)(B))]
2. Draws or issuances under a program where maximum principal (non-revolving) and essential terms are established in the beginning and the governing body (1) elects to file an initial disclosure disclosing as if full authorized amount has been drawn or issued and (2) establishes the form and frequency (not less than annually) to be updated on the program (such updates are not required to be filed with the Division of Local Government Finance).

II. Clarifications

The State Funding Board has clarified that:

1. When a form has been filed for a commercial paper program, replacement commercial paper issued at the maturity of a piece of commercial paper (a “roll”) is not deemed a “new issue” triggering filing of another form; and
2. Conduit issuers must file the form and disclose even if the cost, fee, or debt service is paid or assumed by a non-governmental borrower. Approved by the State Funding Board at its meeting on December 17, 2013