

COLLATERAL POOL BOARD MEETING
January 28th, 2016
G-11 Conference Room, State Capitol Bldg.

Call to Order

Treasurer David Lillard acting as temporary chairman called this meeting to order at 2:07pm. Board members present were Treasurer David Lillard, David Neely, Commissioner Gonzales, Mayor Bob Rial, Jason Holliman, and Mickie Hodge. Others present were Roger Henry, Tim McClure, Alison Cleaves, Phil Ruffin, Margaret Mahery, Derrick Dagnan, Michael Brakebill, Ryan Hughes, and Tim Amos.

Welcome New Board Members

Treasurer Lillard welcomed new board member Jason Holliman.

Election of New Chairman

Treasurer Lillard asked for nominations for a new chairman. Mrs. Hodge nominated Mr. David Neely for chairman of the collateral pool board. There were no other nominations. This did not require a second motion. Mr. David Neely was elected as chairman unanimously by the board.

Approval of Minutes

Chairman Neely asked for a motion to approve the minutes from the May 8, 2015 board meeting. Mayor Rial made a motion for approval of the minutes. The motion was seconded by Mrs. Hodge, and approved by all board members as follows: Mr. Holliman - yes, Mayor Rial - Aye, Chairman Neely - Aye, Mrs. Hodge - Aye, Commissioner Gonzales - yes, and Treasurer Lillard - Aye.

Collateral Pool Status

Chairman Neely called upon Mr. Henry to review the status of the collateral pool. Mr. Henry reviewed the most recent Quarterly Report Summaries for the 3rd Quarter 2015. Next, Mr. Henry reviewed the monthly collateral status report as of December 31, 2015.

Treasurer Lillard mentioned past discussions regarding banks failing to pass the requisite number of benchmark ratios and whether or not any action should be taken. Mr. McClure gave brief history of past discussions. He further explained that if action is taken to remove a low performing bank from the pool, that not only would this place valuation of the collateral on a public official but, the same bank would only be required to pledge 105% instead of the 115% as required by the collateral pool. He also explained that the board had the authority to raise the pledge level and/or issue a cease and desist order. Mr. Amos pointed out that the idea of the pool is to balance the risk of

the public depositors versus the risk to the banks in the pool which is the reasoning behind the higher pledge levels for lower performing banks.

New Bank Applicants

Mr. Henry presented Triumph Bank's application to the board followed by a treasury staff recommendation that Triumph Bank could be brought into the pool at the 100% pledge level effective February 15th, 2016. Mayor Rial made a motion to approve Triumph Bank at 100% pledge level. The motion was seconded by Mrs. Mickie Hodge and accepted unanimously by the board as follows: Treasurer David Lillard – Aye, Commissioner Gonzales – Aye, Mickie Hodge – Aye, Chairman David Neely – Aye, Mayor Bob Rial – Aye, and Jason Holliman – Aye.

Next, Mr. Henry presented Servisfirst Bank's application to the board followed by a treasury staff recommendation that Servisfirst Bank could be brought into the pool at the 100% pledge level effective February 15th, 2016. Treasurer Lillard made a motion to approve Servisfirst Bank at 100% pledge level. The motion was seconded by Mayor Rial and accepted unanimously by the board as follows: Mr. Holliman - Aye, Mayor Rial – Aye, Chairman Neely – Aye, Mrs. Hodge – Aye, Commissioner Gonzales – Aye, and Treasurer Lillard – Aye.

Next, Mr. Henry presented Southern Community Bank's application to the board followed by a treasury staff recommendation that Southern Community Bank could be brought into the pool at the 100% pledge level effective February 15th, 2016. Mrs. Mickie Hodge made a motion to approve Southern Community Bank at the 100% pledge level. The motion was seconded by Treasurer Lillard and accepted unanimously by the board as follows: Treasurer David Lillard – Aye, Commissioner Gonzales – Aye, Mickie Hodge – Aye, Chairman David Neely – Aye, Mayor Bob Rial – Aye, and Jason Holliman – Aye.

Next, Mr. Henry presented Citizens State Bank's application to the board followed by a treasury staff recommendation that Citizen State Bank could be brought into the pool at the 100% pledge level effective February 15th, 2016. Treasurer Lillard made a motion to approve Citizen Sate Bank at 100% pledge level. The motion was seconded by Commissioner Gonzales and accepted unanimously by the board as follows: Treasurer David Lillard – Aye, Commissioner Gonzales – Aye, Mickie Hodge – Aye, Chairman David Neely – Aye, Mayor Bob Rial – Aye, and Jason Holliman – Aye.

Next, Mr. Henry presented Heritage Bank & Trust's application to the board followed by a treasury staff recommendation that Heritage Bank & Trust could be brought into the pool at the 100% pledge level effective February 15th, 2016. Mayor Rial made a motion to approve Heritage Bank & Trust at the 100% pledge level. The motion was seconded by Chairman Neely and accepted unanimously by the board as follows: Mr. Holliman - Aye, Mayor Rial – Aye, Chairman Neely – Aye, Mrs. Hodge – Aye, Commissioner Gonzales – Aye, and Treasurer Lillard – Aye.

Next, Mr. Henry presented First National Bank of Middle Tennessee's application to the board followed by a treasury staff recommendation that First National Bank of Middle Tennessee could be brought into the pool at the 100% pledge level effective February 15th, 2016. Mrs. Mickie Hodge made a motion to approve First National Bank of Middle Tennessee at 100% pledge level. The motion was seconded by Treasurer Lillard and accepted unanimously by the board as follows: Treasurer David Lillard – Aye,

Commissioner Gonzales – Aye, Mickie Hodge – Aye, Chairman David Neely – Aye, Mayor Bob Rial – Aye, and Jason Holliman – Aye.

Finally, Mr. Henry presented First Advantage Bank's application to the board followed by a treasury staff recommendation that First Advantage Bank could be brought into the pool at the 115% pledge level effective February 15th, 2016. Mayor Rial made a motion to approve First Advantage Bank at the 115% pledge level. The motion was seconded by Commissioner Gonzales and accepted unanimously by the board as follows: Mr. Holliman - Aye, Mayor Rial – Aye, Chairman Neely – Aye, Mrs. Hodge – Aye, Commissioner Gonzales – Aye, and Treasurer Lillard – Aye.

Other Business

Chairman Neely asked if there was any other business to be brought before the board. Treasurer Lillard thanked everyone for their service on the board.

Adjournment

With no further business to discuss, the meeting adjourned at 2:30 pm.