TENNESSEE STATE FUNDING BOARD
February 26, 2015

The Tennessee State Funding Board (the "Board") met on Thursday, February 26, 2015, at 10:30 a.m., in Room G-11, Ground Floor, Tennessee State Capitol, 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
Commissioner Larry Martin, Department of Finance and Administration

The following members were absent:

The Honorable Bill Haslam, Governor

Seeing a physical quorum present Mr. Wilson called the meeting to order and asked for approval of minutes from the December 11 and December 16, 2014, Board meetings. Mr. Hargett made a motion to approve the minutes. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Mr. Allen Borden, Assistant Commissioner, Department of Economic and Community Development ("ECD"), who presented FastTrack projects for consideration and Mr. Paul VanderMeer, Senior Financial Advisor, ECD, who presented the FastTrack funding report. Mr. VanderMeer reported that as of the date of the last Board meeting the FastTrack balance was $132.8 million and since that time, obligations and deobligations left an adjusted FastTrack balance available for funding grants or loans of $122.7 million as of this meeting. Mr. VanderMeer reported that there were $105.9 million in commitments, leaving an uncommitted FastTrack balance of $16.8 million. Mr. VanderMeer reported that the projects to be considered at this meeting totaled $4 million, and if these projects were approved the uncommitted balance would be $12.8 million, or 89.5% of FastTrack funds committed.

Mr. Borden stated the projects under consideration needed to be considered and approved by 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:

- **Unipres USA, Inc. – Portland (Sumner Co.)**

FastTrack Economic Development	$1,565,000
FastTrack Job Training Assistance	$ 435,000

- **Parkdale Mills, Inc. – Mountain City (Johnson Co.)**

FastTrack Economic Development	$2,000,000

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 FastTrack Checklist was completed and signed by Mr. Boyd for the projects under consideration. Mr. Wilson inquired if the information contained in the letter and checklists was true and correct. Mr. Borden responded affirmatively. Mr. Hargett inquired about the economic impact of the $120 million capital investment related to the Parkdale Mills project in Johnson County. Mr. Borden responded that this project will have a huge impact on

Mountain City and Johnson County, because 80 new jobs would have a tremendous impact for this small city and county. Mr. Hargett asked what were the key factors in getting this project to this area. Mr. Borden responded that it was the great team effort. He stated the local government presented a 20 year PILOT and the Tennessee Valley Authority also provided assistance on the project. Mr. Borden stated that the available workforce also played a key role in landing the project. Mr. Lillard made a motion to approve the FastTrack grants for the projects presented. Commissioner Martin seconded the motion, and it was unanimously approved

Mr. Wilson then presented for approval a "Resolution Authorizing and Providing for the Issuance and Sale of General Obligation Bonds of the State of Tennessee" (the "Bond Resolution") for the 2015 bond sale. Mr. Wilson explained that the Bond Resolution authorized the issuance of Bonds to fund capital projects of the State, to refund certain General Obligation Bonds and fund certain costs of issuance. Mr. Wilson explained that the Bond Resolution provided for the issuance of both new money bond and refunding bonds to be sold through either a competitive or negotiated sale. Mr. Wilson stated the Bond Resolution authorized the issuance of both tax-exempt and taxable bonds. The Bond Resolution stated that the amount of new money bonds would not exceed $150,000,000. The Bond Resolution required that the bonds meet the criteria set forth in the Board's Debt Management Policy, which includes the requirement that the refunding should result in aggregate present value savings of at least 4%. Mr. Wilson stated that the Board members' packets included a draft Preliminary Official Statement (POS), and a Bond Purchase Agreement, Refunding Trust Agreement and Continuing Disclosure Undertaking in substantive form. Mr. Wilson made a motion to approve the Bond Resolution and to delegate the authority to sell and finalize the details of the Bonds to the Comptroller. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then explained that the Board received a recommendation from Public Financial Management ("PFM"), the Board's financial advisor, relating to the appointment of a senior book-running manager for the bond sale. Mr. Wilson stated that staff had reviewed PFM's recommendation to select Morgan Stanley to serve as the senior book-running manager for the bond sale. Mr. Wilson made a motion to select Morgan Stanley as senior book running manager for the 2015 bond sale based on the recommendation from PFM. Mr. Hargett inquired why Morgan Stanley was recommended. Mrs. Sandra Thompson, Assistant Secretary to the Board and Director of the Office of State and Local Finance ("OSLF"), explained that the recommendation was supported by Morgan Stanley's performance on the State's bond sale in 2014, their proven ability to market, distribute and underwrite bonds, their preparedness to move quickly and their proposed underwriting compensation. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then presented a report from the Comptroller's Office on requests for approval of plans of balloon indebtedness. Mr. Wilson reported that OSLF received requests for approval for 28 plans of balloon indebtedness and 27 of those plans were approved because they were deemed to be in the public's interest. Mr. Wilson stated that the one plan that was no approved was subsequently restructured and issued without balloon indebtedness. No further action was necessary.

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

Approved on this 15th day of April 2015.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary