TENNESSEE STATE FUNDING BOARD
June 28, 2021

The Tennessee State Funding Board (the "Board") met on Monday, June 28, 2021, at 10:05 a.m., via WebEx Events. Interested members of the public were only able to observe and listen to the meeting through electronic means. The Honorable Jason Mumpower, Comptroller of the Treasury, presided over the meeting.

The following members also participated electronically via WebEx Events:

The Honorable Tre Hargett, Secretary of State
The Honorable David Lillard, State Treasurer
Commissioner Butch Eley, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Mumpower called the meeting to order and read the following statement of necessity:

The members (the "Members") of the State Funding Board of the State of Tennessee, created pursuant to Tennessee Code Annotated Section 9-9-101, hereby make a determination that it is necessary for all or some of the Members to participate by electronic or other means of communication in order to have a quorum for a specially called meeting of the Board on June 28, 2021.

Such determination has been made because a sale (the "Sale") of general obligation bonds of the State of Tennessee (including refunding bonds) occurred on June 22 and 23, 2021, and a small portion of refunding bonds in the Sale (approximately 0.50 % of the total amount of bonds sold) may not have met the requirements of a section (the "Section") of the Board's Debt Management Policy (the "Policy"). The Section allows the Board to waive such requirements after consultation with the State's financial advisor. The Board has consulted with the State's financial advisor and has determined that such waiver is appropriate under the present circumstances. However, no meeting of the Board had been scheduled to be held prior to the closing of the Sale, and it will be extremely difficult, if not impossible, to arrange a meeting of the Board where a physical quorum will be present prior to the closing of the Sale."

Mr. Mumpower then made a motion to approve the necessity of participating electronically, and Mr. Hargett seconded the motion. Mr. Mumpower then asked Ms. Sandra Thompson, Assistant Secretary to the Board and Director of the Division of State Government Finance (the "SGF"), to conduct a roll-call and ask each member to verify that Members had received the documents that would be discussed in the meeting, and that members identify persons, if any, present in the location from which the member was participating. Ms. Thompson called the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard – Aye

Mr. Mumpower then recognized Ms. Lauren Lowe, Managing Director, PFM Financial Advisors LLC ("PFM"), to explain the circumstances requiring the consideration for approval of a "Resolution Waiving a Requirement for Current Refunding Contained in Debt Management Policy". Ms. Lowe stated that the State of Tennessee priced its General Obligation federally taxable refunding bonds the week of June 22. Ms. Lowe stated that included in the refinancing was the Series 2009D Bonds which had the following bond details:

- Federally taxable;
- One (1) maturity was outstanding;
- $3,160,000 payable on May 1, 2022;
- Interest rate of 4.671%
- The maturity was callable/refundable any time after May 1, 2019

Ms. Lowe further stated that by refinancing the May 1, 2022, maturity, the following results were achieved:

- Gross savings of $106,490;
- Present value savings of $84,732 or 2.68% of the refunded par amount;
- The gross savings would be recognized in the state's fiscal year 2022 budget year.

Ms. Lowe then stated that because the Series 2009D Bonds (the "2009D Bonds") were currently callable, had only one small maturity remaining, and the state had no intention to issue debt prior to the May 1, 2022, maturity, PFM recommended refinancing the 2009D Bonds.

Ms. Lowe then stated that the Board's Policy included refunding criteria for currently callable bonds. Ms. Lowe then stated that one of the criteria required aggregate present savings of at least 4% per series of refunding bonds, as certified by the Board's financial advisor, or aggregate present value savings per series of refunding bonds of no less than $1,000,000. Ms. Lowe further stated that the refunding did not achieve that and reiterated PFM's rationale for including the 2009D Bonds in the refunding. Ms. Lowe then stated that the other criteria for refunding currently callable bonds was that the aggregate present value savings must be equal to or greater than twice the cost of issuance allocable to the refunding series. Ms. Lowe stated that the refunding met this criteria because the present value savings was seventeen (17) times greater than the cost of issuance for refunding the 2009D Bonds.

Mr. Lillard made a motion to approve the resolution waiving a requirement for current refunding contained in the Policy, and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Hargett – Aye
Mr. Lillard – Aye
Mr. Mumpower – Aye

Mr. Lillard made a motion to adjourn, and Mr. Mumpower seconded the motion. Ms. Thompson called the roll:

Mr. Mumpower – Aye
Mr. Eley – Aye
Mr. Lillard – Aye
Mr. Hargett – Aye

Approved on this 22nd day of July 2021.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary