TENNESSEE STATE FUNDING BOARD
June 15, 2022

The Tennessee State Funding Board (the "Board") met on Wednesday, June 15, 2022, at 10:30 a.m., in the Executive Conference Room, State Capitol Building, Ground Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

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

The following member was absent:

The Honorable Bill Lee, Governor

Having established that a quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on April 26, 2022, for consideration and approval. Mr. Lillard made a motion to approve the minutes, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Bob Rolfe, Commissioner of the 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 April 26, 2022, Board meeting, the FastTrack balance was $205,809,224.79. Since that time, $85,837.04 in new funds had been appropriated, comprised of interest earned on the fund during March 2022; $158,000.00 in funds had been deobligated; $13,397,800.00 in new grants and loans had been approved; and $149,884.95 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of $192,505,376.88 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of $184,897,674.48, resulting in an uncommitted FastTrack balance of $7,607,702.40. Mr. VanderMeer reported that the amount of proposed grants for projects to be considered at this meeting totaled $3,000,000.00, and if these projects were approved, the uncommitted balance would be $4,607,702.40, and the total committed balance would be $187,897,674.48, which represented 97.6% of the FastTrack balance.

Mr. Rolfe then presented the following FastTrack project:

- **Ariens Company – Fayetteville (Lincoln Co.)**
  FastTrack Economic Development Grant $ 3,000,000.00

The Board member packets included letters and a FastTrack checklist signed by Commissioner Rolfe, and an incentive acceptance form signed by the company representative. Mr. Mumpower inquired if the company that had signed the incentive acceptance form fully understood the agreements, and Mr. Rolfe responded affirmatively. Mr. Mumpower then inquired if the checklist had been completed for the project, and Mr. Rolfe responded affirmatively. Mr. Mumpower then inquired if the project included an accountability agreement which would provide protections for the state in the event the entity could not

fulfill the agreement, and Mr. Rolfe responded affirmatively. Mr. Hargett made a motion to approve the project. Mr. Bryson seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Mr. Trent Ridley, Chief Financial Officer of the Tennessee Housing Development Authority ("THDA"), to present the THDA Schedule of Financing (the "Schedule") for Fiscal Year 2022-2023 for consideration and approval. Mr. Ridley stated that the Schedule had been approved by THDA's board in May. Mr. Ridley then stated that THDA was projecting three bond issuances totaling $464 million for fiscal year 2023. Mr. Ridley further stated that the estimated financings were based on loan projections and production over the next fiscal year, and as such were subject to increase or decrease based on market conditions. Mr. Ridley then stated that THDA was required by statute to present the Schedule to the Board but was not required to carry out the financings as precisely shown on the Schedule. Mr. Lillard made a motion to approve the Schedule, and Mr. Bryson seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Sandra Thompson, Assistant Secretary to the Board and Director of State Government Finance ("SGF"), to present for consideration for approval a "Resolution Making Findings for Decrease in Special Revenues" which was presented pursuant to Section 9-9-104(b), Tennessee Code Annotated. Ms. Thompson stated that the resolution was a certification by the Board that was required because the state had covenanted with bond holders on debt issued prior to July 1, 2013, that it would not decrease the Special Tax revenues that have been pledged for the payment of principal and interest on its debt unless the Board certifies the following by resolution as required by TCA Section 9-9-104(b): (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; and (3) fees and taxes pledged pursuant to TCA Section 9-9-104 will be sufficient to provide funds adequate to meet all payments required to be made by the Board in Fiscal Year 2022-2023. Mr. Mumpower moved for adoption of the resolution, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present for consideration and acceptance the Tennessee Consolidated Retirement System's ("TCRS") affirmation of the Standby Commercial Paper Purchase Agreement. Ms. Thompson stated that the Comptroller had received a letter from the Chief Investment Officer of the TCRS addressed to the Secretary of the Board affirming that TCRS does not plan to terminate its contract prior to July 1, 2023, to serve as a standby purchaser for the State's commercial paper program. Ms. Thompson then stated that the Board had received in their packets a draft letter from the Secretary of the Board to the Chief Investment Officer of the TCRS affirming that the Board also does not plan to terminate the contract prior to July 1, 2023. Mr. Hargett made a motion to approve the acceptance of the letter from TCRS and authorize the Comptroller to notify TCRS on behalf of the Board and to send an executed letter to TCRS affirming the Board would not terminate the contract. Mr. Bryson seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Mr. Michael Brakebill, Chief Investment Officer of the Department of Treasury ("Treasury"), and Mr. Markus Klar, Director of Fixed Income, Treasury, to present revisions to the State Pooled Investment Fund ("SPIF") Investment Policy (the "Policy") for consideration and approval. Mr. Klar then detailed the following revisions to the Policy:

- Updated language for the shadow price calculation for clarity
- Updated language for the stable net asset value calculation for clarity

- Created a new compliance section in the Policy and moved language detailing requirements to comply with applicable laws and regulations from the Other Considerations section to the new section
- Added language to clarify the roles and responsibilities of the Chief Investment Officer (CIO)
- Clarified the responsibilities of Treasury Compliance and emphasized the focus on internal control and segregation of duties
- Updated the Certificates of Deposit and Money Market demand deposit accounts minimum quality criteria for clarity
- Added language referencing the timeframe for when the monthly SPIF rate would be available on the department's website
- Clarified the CIO's duty to review the SPIF Quarterly Investment Report
- Added language to reference the authorization per TCA §9-4-603 to charge participants an administrative fee
- Revised policy language to reflect the change in benchmark
- Updated language to clarify the frequency of portfolio diversification testing performed
- Clarified the frequency of when liquidity assessments are performed (monthly) and updated the allowable allocation investment in commercial paper to $350,000,000 per issuer
- Updated language that clarified the timing and actions to be taken to complete remediation of deviations from investment criteria

Mr. Lillard then stated that the approximate balance of the SPIF on June 12, 2022, was $28 billion. Mr. Lillard made a motion to approve the revisions to the Policy effective June 15, 2022. Mr. Bryson seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present for consideration and approval a "Resolution Allocating from the Debt Service Fund to the Capital Projects Fund $340,349 and Canceling Authorized Bonds". Ms. Thompson stated that the state had previously authorized funding through the commercial paper program for the University of Memphis ("UoM") to purchase sites and existing structures in accordance with their master plan ("UoM 101 Properties"). Ms. Thompson further stated that UoM was in the process of repaying the allocated amount and had repaid the borrowing in the amount of $340,349 during fiscal year 2022. Ms. Thompson then stated that the resolution authorized the cancelation of bonds for the UoM 101 Properties project in the like amount of $340,349 and would be effective as of June 15, 2022. Mr. Hargett made a motion to approve the resolution. Mr. Bryson seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Betsy Knotts, Director of the Division of Local Government Finance ("LGF") to present a Report from the Comptroller's Office on requests for approval of plans of balloon indebtedness. Ms. Knotts stated that local governments were required by state statute to submit plans of balloon indebtedness to LGF for approval. Ms. Knotts then reported that there were four requests from local governments during fiscal year 2022, down from seventeen is the prior fiscal year. Ms. Knotts further reported that all the requests were for refundings, and all plans were approved as cost savings were produced. The Board acknowledged the report, and no further action was necessary.

After Mr. Mumpower requested other business and heard none, Mr. Hargett made a motion to adjourn the meeting, and Mr. Lillard seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this 26th day of July 2022.

Respectfully submitted,

Sandra Thompson

Sandra Thompson
Assistant Secretary