

TENNESSEE STATE FUNDING BOARD

June 23, 2025

The Tennessee State Funding Board (the "Board") met on Monday, June 23, 2025, at 2:00 p.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason E. Mumpower was present and presided over the meeting.

The following members were also physically present:

The Honorable Tre Hargett, Secretary of State
The Honorable David H. Lillard Jr., State Treasurer

The following members were absent:

The Honorable Bill Lee, Governor
Commissioner Jim Bryson, Department of Finance and Administration

Having established a physical quorum, Comptroller Mumpower called the meeting to order. Comptroller Mumpower, in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines, asked Ms. Sandra Thompson, Director of the Division of State Government Finance (SGF) and Assistant Secretary to the Board, if any requests for public comment had been received. Ms. Thompson responded that no requests had been received.

Comptroller Mumpower then presented the minutes from the meeting held on May 19, 2025, for consideration and approval. Secretary Hargett made a motion to approve the minutes. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower recognized Mr. Stuart McWhorter, Commissioner of the Department of Economic and Community Development (ECD), to present FastTrack projects for consideration, and Ms. Stephanie Burnette, Budget and Finance Administrator, ECD, to present the "FastTrack Report to State Funding Board" (the "Report"). Ms. Burnette reported that, as of the date of the May 19, 2025, Board meeting, the FastTrack balance was \$658,853,482.89. Since that time, \$6,196,274.01 in new funds had been appropriated; \$4,921,500.00 in funds had been deobligated; \$5,500,000.00 in new grants or loans greater than \$750,000.00 had been approved; \$698,000.00 in new grants or loans less than \$750,000.00 had been approved; and \$108,938.24 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$663,664,318.66 as of the date of the Report. Ms. Burnette reported that total commitments had been made in the amount of \$529,172,662.72, representing 79.7% of the FastTrack balance, resulting in an uncommitted FastTrack balance of \$134,491,655.94. Ms. Burnette reported that the amount of proposed grants for projects to be considered at this meeting totaled \$3,268,500.00, and if these projects were approved, the uncommitted balance would be \$131,223,155.94, with a total committed balance of \$532,441,162.72, which represented 80.2% of the FastTrack balance. Comptroller Mumpower then asked Commissioner McWhorter to present the following FastTrack projects:

- **Tier-Rack LLC – Bradford (Gibson County)**
FastTrack Economic Development Grant \$ 1,000,000.00

- **Howmet Castings & Services, Inc., Howmet Corporation and Howmet Aerospace Inc. – Morristown (Hamblen County)**
FastTrack Economic Development Grant \$ 1,468,500.00
- **Summertown Metals of Morristown, LLC – Morristown (Hamblen County)**
FastTrack Economic Development Grant \$ 800,000.00

The Board member packets included letters and FastTrack checklists signed by Commissioner McWhorter, and incentive acceptance forms signed by company representatives. Comptroller Mumpower then inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Commissioner McWhorter responded affirmatively. Comptroller Mumpower then inquired if the checklists had been completed for the projects, and Commissioner McWhorter responded affirmatively. Comptroller Mumpower then inquired if the projects included accountability agreements which would provide protection for the state in the event the entities could not fulfill the agreements, and Commissioner McWhorter responded affirmatively. Secretary Hargett made a motion to approve the projects. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Ms. Michell Bosch, Chief Financial Officer of the Tennessee Housing Development Agency (THDA), who presented the THDA Schedule of Financing for Fiscal Year 2025-2026 (the “Schedule”), for consideration and approval. THDA is required by statute to present the Schedule to the Board annually. Ms. Bosch summarized the Schedule noting THDA’s plan to conduct two mortgage revenue bond program financings in an amount not to exceed \$550 million during fiscal year 2025-2026. Ms. Bosch further stated that the projected timing of the issuances would be late fall of 2025 and early spring of 2026. Treasurer Lillard made a motion to approve the Schedule. Secretary Hargett seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Ms. Thompson to present a Resolution Allocating from the Debt Service Fund to Capital Project Fund \$154,564.00 and Canceling Authorized Bonds, for consideration and approval. Ms. Thompson stated that the state had provided funding through the commercial paper program for the University of Memphis (UOM) to purchase sites and existing structures in accordance with their master plan. Ms. Thompson then stated that UOM had repaid the borrowing in the amount of \$154,564.00. Ms. Thompson further stated that the resolution would cancel bonds for the University of Memphis 101 Properties project in a like amount and would be effective as of the date of the Board meeting, June 23, 2025. Secretary Hargett made a motion to approve the resolution. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Ms. Thompson to present a Resolution Making Findings for Decrease in Special Revenues as required by TCA § 9-9-104(b), for consideration and approval. Ms. Thompson stated that the state had covenanted with its bondholders that it would not decrease the special tax revenues that had been pledged for the payment of principal and interest on its debts unless the Board certifies by resolution, as required by TCA § 9-9-104(b), the following:

- All payments due pursuant to statute have been made in full.
- The state is not in default in payment of any outstanding debt.
- Fees and taxes pledged pursuant to TCA § 9-9-104 will be sufficient to provide funds adequate to meet all payments required to be made by the Board in fiscal year 2025-2026.

Ms. Thompson then stated that the resolution and a memorandum from the Commissioner of the Department of Finance and Administration confirming the state had met these criteria were in the Board member's packets. Treasurer Lillard made a motion to approve the resolution. Secretary Hargett seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Ms. Thompson to present the Tennessee Consolidated Retirement System (TCRS) affirmation of the Standby Commercial Paper Purchase Agreement for consideration and acceptance. Ms. Thompson stated that Comptroller Mumpower had received a letter from the Chief Investment Officer of the TCRS addressed to the Secretary of the Board that affirmed that it did not plan to terminate its contract prior to July 1, 2026, to serve as a standby purchaser under the state's commercial paper program. Ms. Thompson further stated that a draft letter was in the members' package from the Secretary of the Board to the Chief Investment Officer of the TCRS that affirmed that the Board also did not plan to terminate the contract prior to July 1, 2026, and requested to submit this letter to affirm that the Board would not terminate the contract. Comptroller Mumpower made a motion to accept the letter from TCRS and authorize the Comptroller to notify TCRS on behalf of the Board, and to execute and send a letter to TCRS to affirm that the Board would not terminate the contract. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower recognized Mr. Steve Osborne, Assistant Director of the Division of Local Government Finance (LGF) to present updates to the Tennessee Budget Manual for Local Governments (the "Budget Manual") for consideration and approval. Mr. Osborne stated that the Budget Manual had been updated to add LGF's new online budget submission process, provide additional examples of conditionally approved budgets, and add new financial health metrics for utilities and for cities with debt outstanding that do not levy a property tax. Comptroller Mumpower made a motion to approve the updates to the Budget Manual. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Mr. Osborne to present updates to the Tennessee Debt Manual (the "Debt Manual") for Local Governments for consideration and approval. Mr. Osborne stated that The Debt Manual was updated to reflect the changes necessary to implement Public Chapters 17, 170, and 218 of the 2025 Act ("PC 17", "PC 170", and "PC 218"). Mr. Osborne further stated that the changes added provisions for emergency utility cash flow revenue anticipation notes, the approval of heightened risk debt, and the reporting of certain defaults, covenant violations, and credit rating downgrades. Comptroller Mumpower made a motion to approve the updates to the Debt Manual. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Mr. Osborne to present updates to the Board guidelines for Debt Reporting by Public Entities; Debt Reporting by Industrial Development Boards; and Requirements, Objective, and Best Practices for Adopting a Debt Management Policy (the "Guidelines"). Mr. Osborne stated that the proposed updates resulted from recently passed legislation including PC 17 requiring local governments to report defaults, covenant violations, and credit rating downgrades to the Comptroller's office; and PC 218 requiring local governments to receive approval from the Comptroller prior to issuing debt with risks associated with variable interest rates, put options, and interest rate reset options. Comptroller Mumpower made a motion to approve the updates to the Guidelines. Secretary Hargett seconded the motion, and it was unanimously approved.

Comptroller Mumpower stated that the next item on the agenda was the consideration and approval for removal of the Board guideline, Blanket Exemption Under the Anti-Kicking the Can Act. Comptroller

Mumpower Mr. Osborne to present. Mr. Osborne stated that the balloon debt waiver was no longer needed after July 1, 2025, the effective date of PC 17. Mr. Osborne then stated that the passage of PC 17 moved the approval of debt with put options from the balloon indebtedness act to a separate section of statute under heightened risk debt. Mr. Osborne further stated that PC 17 also included all the departments of the federal government making the waiver no longer necessary. Comptroller Mumpower made a motion for removal of the guideline effective July 1, 2025. Secretary Hargett seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Mr. Osborne, who reported to the Board the approval of Federal Emergency Management Agency (FEMA) Notes for McNairy County and the Town of Erwin. Mr. Osborne stated that LGF had approved two FEMA tax anticipation notes, one for McNairy County and one for the Town of Erwin in the amount of \$500,000.00 and \$3,000,000.00, respectively. Mr. Osborne then stated that the notes were for emergency financing due to natural disasters, tornadoes in McNairy County in April and flooding from Hurricane Helen in Erwin. Mr. Osborne further stated that each note had a maturity date of June 30, 2027. The notes would allow for operating expenses to be financed beyond the fiscal year. No further action was necessary.

Comptroller Mumpower then recognized Ms. Thompson to present revisions to the Board's Debt Management Policy (the "Policy") for consideration and approval. Ms. Thompson stated that the Policy was required to be reviewed on at least an annual basis. Ms. Thompson continued stating that staff had reviewed the Policy and had made some non-substantive changes. Comptroller Mumpower made a motion to approve the revisions to the Policy. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower then recognized Ms. Thompson to present a revised Declaration of Trust for Other Post-Employment Benefits (OPEB) for the West Knoxville Utility District (the "Declaration") for consideration and approval. Ms. Thompson stated that the West Knoxville Utility District previously presented its Declaration, and it was approved at the Board meeting on November 6, 2023. Ms. Thompson continued stating that at that time, Article V of the Declaration named the members of the board of trustees by name. Ms. Thompson further stated that since that time, there have been personnel changes at the West Knoxville Utility District resulting in the presented amendments to Article V to reflect the board of trustees by position only. Ms. Thompson noted that the revisions have been reviewed by the Attorney General's office and staff recommends approval. Comptroller Mumpower made a motion to approve the Declaration. Treasurer Lillard seconded the motion, and it was unanimously approved.

Comptroller Mumpower observed no further business to come before the Board and made a motion to adjourn. Secretary Hargett seconded the motion, and it was unanimously approved. The meeting was adjourned.

Approved on this 21st day of July 2025.

Respectfully submitted,

Sandra Thompson,
Assistant Secretary